

ATTACHMENT 11

25

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PHYLLIS BLIZZARD 2/15/2013

Page 2

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3			
4			
5		- - -	
6		PHYLLIS M. BLIZZARD, having been	
7		first duly sworn to tell the	
8		truth, was examined and	
9		testified as follows:	
10		- - -	
11		COURT REPORTER: Stipulations?	
12		MS. SUMNER: We'll read and sign.	
13		- - -	
14		EXAMINATION	
15		- - -	
16		BY MR. STUEVE:	
17	Q	Good morning, Ms. Blizzard. My name is	
18		Patrick Stueve. We just met.	
19	A	Yes, good morning.	
20	Q	I represent Associated Wholesale Grocers	
21		in a lawsuit against various defendants, including	
22		USEM. Are you familiar with that entity?	
23	A	U.S. Egg Marketers, yes, sir.	
24	Q	And so you've been identified -- I'm going	
25		to refer to U.S. Egg Marketers as USEM; is that	

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1 okay?

2 A Sure.

3 Q Do you have another nickname for the

4 entity?

5 A U.S. Egg Marketers. That's fine.

6 Q But USEM is okay with you if I use that?

7 A Yes, sir.

8 Q Before we get started here, why don't we

9 go ahead and identify who is all present. I'll

10 start with myself.

11 MR. STUEVE: Patrick Stueve here, along

12 with my partner, Barrett Vahle, for the

13 plaintiff.

14 MS. SUMNER: Robin Sumner, Pepper Hamilton

15 LLC for United States Egg Marketers, along with

16 Jan Levine and Matt Levine.

17 MR. STUEVE: Who is on the phone?

18 MS. ANDERSON: Carrie Anderson for Michael

19 Foods.

20 MS. ZITRIN: Ashley Zitrin for NuCal.

21 MR. MCKENNEY: Jason McKenney for

22 Cal-Maine Foods.

23 MS. OSBORN: Kathy Osborn for Midwest

24 Poultry Services.

25 MS. CLAIR: Kathleen Clair of Crowell &

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1 Moring for Daybreak Foods, Incorporated.

2 MR. ARAGONA: Arin Aragona for Moark Egg

3 Corporation, Norco Ranch, Inc., and Land

4 O'Lakes, Inc.

5 MS. NEWTON: Wendy Newton and Mackenzie

6 Baird for Hillandale Farms of PA, Inc.,

7 Hillandale Farms, Inc., and Hillandale

8 Gettysburg LP.

9 MR. MONICA: John Monica and Karri Allen

10 for Rose Acre Farms.

11 MR. CALLOW: Joe Callow for Ohio Fresh.

12 MR. STUEVE: Anybody else?

13 (No response.)

14 MR. STUEVE: I'm going to proceed.

15 Did someone just join?

16 (No response.)

17 BY MR. STUEVE:

18 Q So you've been identified by USEM to

19 answer, on behalf of USEM, certain questions that

20 we've posed. Let me show you what's been marked as

21 Exhibit No. 1.

22 (Exhibit Blizzard 1 was marked

23 for identification.)

24 BY MR. STUEVE:

25 Q Can you confirm this is Plaintiff's Notice

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1 of Videotape Deposition of Defendant United States

2 Egg Marketers, Inc., pursuant to KSA62 30(b) (6)?

3 THE WITNESS: This is regarding today,

4 correct?

5 BY MR. STUEVE:

6 Q If you have a question, I'll clarify it.

7 A Yes, sir, I'm sorry.

8 Q Let me start with Exhibit No. 1, this

9 question: Have you seen this document before, or do

10 you know?

11 A Oh, yes. Yes.

12 Q And do you understand that you've been

13 identified by USEM to testify on its behalf in

14 response to the topics that are listed there, one

15 through ten?

16 A Yes, sir.

17 Q Now, these questions relate to a lawsuit,

18 as indicated earlier, brought by Associated

19 Wholesale Grocers. Are you aware of the lawsuit?

20 A Yes, I am.

21 Q Do you have an understanding of the nature

22 of the lawsuit?

23 A Yes.

24 Q What is that?

25 A It's -- I guess maybe I don't. It's just

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1 against U.S. Egg Marketers and, I think, United Egg

2 Producers also.

3 Q Are you aware of any of the other

4 defendants that have been named in the case?

5 A I saw a list of them, but I'd have to see

6 it again to exactly --

7 Q Are you aware of the nature of the claims

8 that have been brought against USEM?

9 A Yes.

10 Q And what is your understanding?

11 A Forgive me, I've just gone blank. Forgive

12 me.

13 Q It's okay. Have you ever given a

14 deposition before?

15 A No, sir, I have not.

16 Q That's okay. Let me go over a few ground

17 rules since you haven't given a deposition before.

18 I will be asking the questions. The court reporter

19 will be recording both my questions and your

20 answers, and so it's important that you give me

21 verbal responses so she can record that.

22 It's also important for you to let me

23 get my question out before you answer.

24 A Yes, sir.

25 Q And I'll remind you of that if that

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1 becomes a problem.

2 Your counsel that's here today has
3 the opportunity to object to my questions. After
4 she has done so, you should go ahead and answer my
5 question unless she's instructed you not to answer.

6 If you need to take a break, just let
7 me know and we'll take a break.

8 A Thank you.

9 Q You understand that your testimony is
10 under oath?

11 A Yes, sir, I do.

12 Q And that you've sworn to tell the truth,
13 the whole truth, and nothing but the truth?

14 A Yes, sir.

15 Q And do you understand that if you were to
16 testify at trial in this case and that testimony
17 were different than the deposition testimony today,
18 that I can use this testimony to impeach you at
19 trial? Do you understand that?

20 A Yes, sir, I do.

21 Q So it's important that you understand my
22 question before you answer it. All right?

23 A Okay.

24 Q If you don't understand my question, let
25 me know, and I will rephrase it until you do

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1 understand it. All right?

2 A Yes, sir.

3 Q If you answer my question, though, I'm
4 going to assume that you understood it. Fair
5 enough?

6 A Yes.

7 Q So let me start with, if you would, if you
8 can tell me what your current position is with USEM.

9 A CEO of U.S. Egg Marketers.

10 Q What are your current responsibilities?

11 A Exporting and upkeep of our membership of
12 U.S. Egg Marketers.

13 Q Do you have any other responsibilities?

14 A Well, I work for UEP.

15 Q Okay.

16 A And I also do domestic broker --
17 brokerage.

18 Q For UEP?

19 A That is correct.

20 Q In fact, you are an employee of UEP; is
21 that correct?

22 A I am an employee of UEP.

23 Q So you are -- your compensation is paid by
24 UEP, not USEM; is that correct?

25 A That is correct.

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1 Q Are all of your benefits paid by UEP?

2 A That is correct.

3 Q And who do you report to?

4 A The president of UEP.

5 Q And who is that?

6 A Currently it is Chad Gregory.

7 Q Are there any employees of USEM?

8 A No, sir.

9 Q If you would, looking at deposition
10 Exhibit No. 1, I'm going to focus my questions first
11 starting out on topics number one, which is USEM's
12 organizational structure; topic number two, the
13 relationship between USEM and UEP, including any
14 financial relationships, shared employees, agents,
15 members and/or officers and shared resources.

16 Do you see that?

17 A Yes, sir, I do.

18 Q And then topic number three, which is
19 USEM's membership agreement, including the criteria
20 for membership and any financial obligations of
21 membership.

22 Do you see that?

23 A I do, sir.

24 I did see this. I beg your pardon.
25 I have seen this. I'm sorry I didn't say that

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1 before.

2 Q That's fine. You're referring to
3 Exhibit No. 1?

4 A That is correct.

5 Q Now, was that in preparation for your
6 deposition today?

7 A That was in discussion, yes, yes, sir.

8 Q What did you do to prepare yourself for
9 this deposition to respond to the topics that have
10 been identified in Exhibit No. 1?

11 A I talked with counsel. I have spoken with
12 a couple of people in the office also: Gene Gregory
13 and Sherry Shedd and Linda Reickard.

14 Q Anyone else?

15 A Derreck Nassar, I would say,
16 D-E-R-R-E-C-K, but briefly. Mainly Sherry and
17 Linda.

18 Q Let me walk through these. You identified
19 Gene Gregory, who you report to, right?

20 A Gene Gregory is past president.

21 Q When did he step down?

22 A This year, first of this year, January 1.

23 Q So prior to January 1 of this year, did
24 you report to Gene Gregory?

25 A That is correct.

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1 Q And he's the father of Chad Gregory, who
2 is the current president?
3 A That is correct.
4 Q And would that have been true from 2000 up
5 through January 1 of 2013?
6 A Yes, sir.
7 Q That you would have reported to Gene
8 Gregory --
9 A He was -- Al Pope was also there.
10 Q Was he someone you also reported to when
11 he was there?
12 A No. It was mainly Gene. He was my
13 advisor, I guess.
14 Q And is it fair to say that you reported to
15 him from approximately -- I'm just trying to get the
16 time frame down -- 2000 through January of 2013?
17 A It was the end of 2000. September 15th, I
18 think was my -- the day I started, 2000.
19 Q So approximately September of 2000 up
20 through January of this year, reported to Gene
21 Gregory, who was the president of UEP up through
22 January of this year, correct?
23 A Yes. But he was not president the entire
24 time.
25 Q And for that portion of time he was not

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1 president, who was?
2 A Al Pope.
3 Q And while he was president, did you also
4 report to him?
5 A Mainly reported to Gene.
6 Q And when Al Pope was president, what
7 position did Gene have?
8 A I think he was vice president.
9 Q Of UEP?
10 A That is correct.
11 Q When we're referring to Al Pope as
12 president, we're talking about UEP, not USEM?
13 A Oh, absolutely. UEP.
14 Q You're currently reporting to Chad
15 Gregory, who is now the president of UEP, and that's
16 been effective January of 2013?
17 A Yes.
18 Q Now, when did you speak in preparation for
19 your deposition today to the past president, Gene
20 Gregory?
21 A First of the week, and on occasion before.
22 Q Let's talk about the first time. When was
23 that?
24 A First time I talked to him?
25 Q Yeah, about your deposition.

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1 A Oh, about the deposition?
2 Q Mm-hmm.
3 A It was probably the week before, just
4 on --
5 Q Approximately two weeks ago?
6 A I would say.
7 Q And does he still office at UEP's
8 headquarters?
9 A He is. He's in three or four hours a day.
10 Q And is that where you met with him?
11 A Yes.
12 Q In person?
13 A Yes, sir.
14 Q And what did you discuss?
15 A Just generalities about U.S. Egg
16 Marketers.
17 Q What do you mean by that?
18 A I'm trying to remember. I'm sorry.
19 Q That's okay.
20 A It was just generalities about U.S. Egg
21 Marketers.
22 Q Right. Let me just -- what I'm trying to
23 do, this is a conversation that took place
24 approximately two weeks ago with Mr. Gregory; is
25 that correct?

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1 A Yes.
2 Q And approximately how long did it last?
3 A I mean, he walked in my office, we may
4 have talked for five minutes, and then he walked
5 out.
6 Q And to the best of your recollection, what
7 do you recall talking to him about during that
8 meeting two weeks ago?
9 A In particular -- I'm sorry, I'm at a loss.
10 I've been so showered with stuff for the last couple
11 of days, I'm -- I'm sorry, I don't know.
12 Q When did you -- you said you met with him
13 a second time. Would that have been this past week?
14 A Yes. He just came in and wished me good
15 luck for coming up here.
16 Q And was that also at the offices of UEP?
17 A Yes, sir, that it was.
18 Q And was there somebody else in the room
19 when he met with you the second time?
20 A No. No.
21 Q And then when did you meet with Sherry
22 Shedd?
23 A Yes. This was in preparation for the
24 affidavits, because we went through all the records
25 of accounting with Sherry and with Linda both.

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1 Q What is Sherry Shedd's position with UEP?

2 A I think she's vice president of finance.

3 I know she's in our -- she is our accounting

4 division.

5 Q In UEP?

6 A That is correct.

7 Q And does she assist in the financial

8 records of USEM?

9 A Yes.

10 Q Is she an employee of UEP?

11 A Yes.

12 Q Paid by UEP?

13 A Yes.

14 Q And when do you recall meeting with her

15 concerning your affidavits?

16 A I don't recall the date. I'd have to look

17 back on them.

18 Q And what, did you work with her in

19 preparation of the contents of the affidavit?

20 A Yes, just to make sure that they were a

21 correct statement.

22 Q Did you prepare the affidavit, or was it

23 presented to you?

24 A It was presented to me.

25 Q Who presented it to you?

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1 A Pepper Hamilton.

2 Q Pepper Hamilton, which is the law firm

3 that is present here representing you today?

4 A Yes, sir.

5 Q Who else met with you concerning the

6 affidavit other than Sherry Shedd? Anyone else?

7 A Linda Reickard, but she was in our Iowa

8 office.

9 Q When you say "our Iowa office," is that

10 UEP's Iowa office?

11 A Yes. Forgive me, yes.

12 Q And what is her position with UEP?

13 A She was a vice president and has now since

14 retired.

15 Q VP of what?

16 A I'm not sure.

17 Q What was her role before retiring from

18 UEP?

19 A Well, she did the invoicing, and she kept

20 the flock numbers for U.S. Egg Marketers, and that's

21 why we talked.

22 Q And when you say "invoicing," what do you

23 mean?

24 A I would write up a load of eggs that went

25 out for an export, send it to her, and she would

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1 keep record to see how to pay.

2 Q And when did she leave UEP?

3 A She left at the same time Gene Gregory

4 did.

5 Q Approximately January of this year?

6 A Yes, I think so.

7 Q Who took over her role?

8 A No one -- oh, excuse me. Sherry now does

9 it all.

10 Q And has Sherry Shedd been with UEP since

11 2000?

12 A Yes.

13 Q And Linda Reickard, was she with UEP from

14 approximately September of 2000 up through January

15 of this year?

16 A Yes.

17 Q She was an employee during that entire

18 time period by UEP, paid by UEP; is that correct?

19 A Yes, sir, that's correct.

20 Q But she provided services related to the

21 activities of USEM, is that correct, as you've just

22 described them?

23 A Yes, she did.

24 Q Did Sherry Shedd keep the financial

25 records of USEM?

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1 A I'm not sure exactly where the division

2 is. I know they both were in charge of both of

3 that -- of the financial part.

4 Q Have you ever seen any financial records

5 of USEM that's separate and distinct from UEP's

6 financial records?

7 A It's always separate, yes, sir.

8 Q Do you know what kinds of financial

9 records are kept by USEM?

10 A Just a financial statement, to the best of

11 my knowledge.

12 Q Do you know what's on that financial

13 statement?

14 A No, sir.

15 Q Have you had any responsibility for

16 maintaining the financial records of USEM?

17 A No, sir.

18 Q Now, you said that she also -- you had

19 communications with her about the affidavit. Was

20 that by phone?

21 A Yes, sir, it was.

22 Q And the best of your recollection, these

23 communications would have been prior to these

24 affidavits being filed in court; is that right?

25 A Yes. To prepare them, yes, sir.

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1 Q Now, have you had any communication with
2 either Ms. Shedd or Ms. Reickard since your
3 communications concerning the affidavit?
4 A You mean in the last week?
5 Q Yeah.
6 A Monday I talked to Sherry because I was in
7 the office Monday.
8 Q Did you talk about the deposition?
9 A No, sir.
10 Q Do you recall approximately when these
11 discussions would have taken place with respect to
12 the affidavits? Would this have been several weeks
13 ago, or you just don't know?
14 A No. Prior to when I signed them.
15 Q Now, you also mentioned that you spoke
16 with Derreck Nassar in preparation for your
17 deposition; is that correct?
18 A Very briefly, yes, sir.
19 Q When did that occur?
20 A About the same time as preparing for the
21 affidavit.
22 Q Now, have you reviewed the affidavit in
23 preparation for your deposition today?
24 A I looked over it, yes, with counsel.
25 Q When did you do that?

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1 A Yesterday, I think.
2 Q And then when were your meetings with
3 counsel in preparation for your deposition?
4 A The last two days, yesterday and the day
5 before.
6 Q Where did those occur?
7 A In this building.
8 Q This would be the offices of your counsel?
9 A Pepper Hamilton, yes, sir.
10 Q Who was present for those meetings?
11 A The three lawyers you see right there.
12 Q We got them right here in person.
13 And in addition to the affidavits,
14 did you look at other documents to prepare yourself
15 to testify on behalf of the corporation?
16 A Yes, sir.
17 Q And what documents did you look at?
18 A The bylaws and some of the minutes and the
19 membership agreement, et cetera.
20 Q What else can you specifically identify?
21 A Some invoices.
22 Q Do you remember which ones?
23 A No, sir.
24 Q Do you know what they pertained to?
25 A U.S. Egg Marketers.

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1 Q But were these export orders?
2 A Yes.
3 Q What else did you look at?
4 A That's all I can think of.
5 Q Now, prior to September of 2001, it's my
6 understanding, or approximately around that time,
7 that USEM merged with UEP; is that correct?
8 A No. It's prior to September 2000.
9 Q Excuse me. Prior to September 2001. So
10 let me focus on September 2000 -- approximately
11 around that time -- excuse me -- 2000, USEM merged
12 into UEP; is that correct?
13 A USEM went under a management agreement
14 with United Egg Producers.
15 Q And that would have been approximately
16 around September of 2000?
17 A I think it was September 15, 2000, if I'm
18 not mistaken.
19 Q Prior to that time, what was your position
20 with USEM?
21 A I worked for Jerry Faulkner, and I just
22 handled the exports and helped with the marketing
23 conference call.
24 Q And prior to September of 2000, were you
25 an employee of USEM?

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1 A I was an employee of U.S. Egg Marketers,
2 yes, sir.
3 Q Which I'm referring to as USEM?
4 A Yes.
5 Q That's okay.
6 And what was your title? Do you
7 remember?
8 A I don't even know that I had a title. I
9 did export, and I also did domestic trading.
10 Q And those are basically your
11 responsibilities today with respect to the
12 activities of USEM, correct?
13 A Very similar, yes.
14 Q Are there any other activities that you do
15 on behalf of --
16 A No, I'm sorry. I'm CEO of U.S. Egg
17 Marketers now.
18 Q I understand you have that title.
19 A Yes.
20 Q What I'm asking you, though, with respect
21 to your responsibilities that you're performing for
22 this entity, USEM, is it fair to say that those are
23 the same as they were prior to September of 2000?
24 A I have more responsibilities now.
25 Q For USEM?

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1 A Yes. After 2010.

2 Q After 2010?

3 A Yes, sir.

4 Q So from September of 2000 up through

5 September 2010, were your responsibilities basically

6 the same for USEM that they were prior to the

7 merger?

8 MS. SUMNER: Objection to form.

9 BY MR. STUEVE:

10 Q You can go ahead.

11 A I mean, I just do domestic trading, and I

12 helped -- we had a conference call and I did that.

13 And this is after 2000, correct?

14 Q Right.

15 A Yes.

16 Q So what I'm asking is, you handled exports

17 prior to September of 2000 for USEM, right? As an

18 employee of USEM, correct? Is that right?

19 A Yes.

20 Q And then you also handled marketing

21 conference calls that were occurring on a weekly

22 basis prior to September of 2000; is that correct?

23 A I helped with them. Jerry Faulkner was in

24 charge of them.

25 Q Right. After September of 2000, your

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1 responsibilities for USEM remained the same,

2 correct, for the most part?

3 A For the most part, yes, sir.

4 Q And then when did you get the CEO title?

5 A I think it was the latter part of 2010.

6 Q And prior -- so I am going to focus from

7 September of 2000, merger of USEM and UEP, up

8 through September of 2010, did you have a title?

9 MS. SUMNER: Object to form.

10 BY MR. STUEVE:

11 Q You can go ahead and answer.

12 A I did not have a title, no, sir.

13 Q And then you were given this title in

14 approximately September of 2010 by whom?

15 A The Board.

16 Q And did anyone explain to you why they

17 were giving you the title of CEO?

18 A I was the most logical one for the job.

19 Q Was there a CEO of USEM prior to September

20 of 2010?

21 A Gene was -- as manager of USEM under UEP,

22 he did most of the negotiations and stuff like that.

23 And it moved to me handling it.

24 Q So prior to September of 2010, you're

25 referring to --

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1 A Gene Gregory.

2 Q Gene Gregory. He was, in fact, the CEO of

3 USEM?

4 A CEO versus president. I don't know. He

5 was just in charge with UEP. He was in charge of

6 doing that for U.S. Egg Marketers under the

7 management agreement.

8 Q And in September of 2010 when you were

9 given the title of CEO of USEM, what additional

10 responsibilities did you get?

11 A I did more of the negotiation with the

12 actual exporters and notifying the members, et

13 cetera.

14 Q You had some of that responsibility,

15 though, before September 2010, did you not?

16 A No.

17 Q You never negotiated with the exporters?

18 A No.

19 Q So from September of 2000 up to

20 September 2010, Gene Gregory of UEP was the one that

21 would be negotiating with the exporters on behalf of

22 USEM; is that correct?

23 A I would say yes.

24 MS. SUMNER: Object to form.

25 BY MR. STUEVE:

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1 Q You can go ahead and answer.

2 A I was in charge of it after 2010. I

3 helped with it before then, I guess would be the

4 correct response.

5 MR. STUEVE: If you would read back my

6 question. Because there was an objection, I

7 think you may not have heard it all the way.

8 - - -

9 (Whereupon, the Reporter read

10 back a preceding portion of the

11 testimony as directed:

12 "Q. So from September of 2000

13 up to September 2010, Gene

14 Gregory of UEP was the one that

15 would be negotiating with the

16 exporters on behalf of USEM; is

17 that correct?")

18 THE WITNESS: Yes and no. Because I would

19 do part of it. I'm sorry.

20 BY MR. STUEVE:

21 Q So he had a principal role in that from

22 September of 2000 up to September 2010, and you

23 assisted in that during that time period?

24 A I did, yes, sir. That's probably better.

25 Q So you did have some responsibilities with

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1 respect to negotiation with exports; is that
 2 correct?
 3 A Right.
 4 Q And then after September 2010 when you
 5 were given the CEO title, did you have sole
 6 responsibility for that?
 7 A Yes, sir.
 8 Q Any other change in responsibility?
 9 A No, sir.
 10 Q So pre-merger now, I am talking about
 11 September of 2010, where were USEM's offices
 12 located?
 13 MS. SUMNER: Object to form.
 14 BY MR. STUEVE:
 15 Q Go ahead.
 16 A Merger? 2010 you said.
 17 Q Yeah. I'm moving back now to September of
 18 2000 when UEP took over the management of USEM.
 19 A Okay.
 20 Q I'm focusing on prior to that time period.
 21 Mr. Faulkner was the president of USEM?
 22 A Yes, sir, he was.
 23 Q He was paid a salary by USEM; is that
 24 correct?
 25 A Yes, sir.

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1 Q And you were also an employee of USEM; is
 2 that correct?
 3 A Yes, sir.
 4 Q Paid by USEM?
 5 A Prior to 2000, yes, sir.
 6 Q And where were the offices of USEM located
 7 at that time?
 8 A Tucker, Georgia.
 9 Q And where in Tucker, Georgia? I'm going
 10 back to prior to September of 2000.
 11 A It was on Howell Mill Road, if I recall.
 12 Q And was this a freestanding building mor
 13 did you have office space there?
 14 A If I'm not mistaken, it was an office
 15 condo.
 16 Q Were there any other employees of USEM
 17 other than Mr. Faulkner and you?
 18 A Yes, sir.
 19 Q Who else?
 20 A By name?
 21 Q Yes.
 22 A Jim Flemming, Patrice Komisarow, Sue
 23 Silver, Kyle Faulkner, and Carol Morrow.
 24 Q And would those all have been employees of
 25 USEM paid by USEM?

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1 A Yes, sir.
 2 Q Did USEM share any office space with UEP
 3 at that time?
 4 A Prior to 2000 --
 5 Q Right.
 6 A -- September 2000, no, sir.
 7 Q Your offices were in a separate location;
 8 is that correct?
 9 A Yes, sir.
 10 Q Did UEP have any management
 11 responsibilities of USEM prior to September of 2000?
 12 A No, sir.
 13 Q Did USEM have officers and directors at
 14 that time?
 15 A Repeat the question, please.
 16 Q So I'm focusing from September 2000 prior
 17 to that time, did USEM have officers?
 18 A Yes, sir.
 19 Q Who were they?
 20 A I do not recall.
 21 Q Were you an officer?
 22 A No.
 23 Q Was Mr. Faulkner an officer?
 24 A He was president.
 25 Q As I understand it, he resigned or retired

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1 during this time period in which USEM merged into
 2 UEP; is that correct?
 3 MS. SUMNER: Object to form.
 4 BY MR. STUEVE:
 5 Q You can go ahead and answer.
 6 A He retired and was very ill and died.
 7 Q What were the responsibilities of
 8 Mr. Faulkner for USEM when he was the president?
 9 A He would negotiate with exporters, and
 10 basically after the negotiation was complete, he
 11 would hand me the work and I would do the rest for
 12 the export.
 13 Q Is it fair to say his responsibilities
 14 were very similar to what Gene Gregory did when he
 15 took over?
 16 A I would say they were similar, yes, sir.
 17 Q And when you say he would hand you over,
 18 what would he give you?
 19 A He would just notify me that a certain
 20 export was negotiated, and then I would arrange all
 21 the transportation and documentation for the export.
 22 Q What responsibility did -- is it Carol
 23 Morrow?
 24 A Carol Morrow was Jerry's assistant.
 25 Q I'm sorry, Jerry who?

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1 A Jerry Faulkner.

2 Q What about, was it Kyle --

3 A Kyle Faulkner was his son.

4 Q What was his responsibility?

5 A And he answered the phone.

6 Q And what about Sue?

7 A Sue and Patrice were in the accounting

8 division.

9 Q And were their responsibilities taken over

10 by employees of UEP after September of 2000?

11 A Yes, sir, in the management agreement,

12 yes, sir.

13 Q And would that have been Ms. Shedd and

14 Ms. Reickard?

15 A Yes, sir.

16 Q And then what about, is it Komisarow?

17 A That's Patrice. She and Sue were the

18 accounting division.

19 Q Now, did -- at that time did USEM have any

20 egg traders?

21 A Me.

22 Q Did you serve that function as well?

23 A Yes, sir.

24 Q So if a USEM member could not fulfill its

25 commitment through its own egg production, you would

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1 then place or attempt to purchase eggs on their

2 behalf prior to September of 2000?

3 A Yes, sir.

4 Q Were there any other egg traders for USEM

5 at that time?

6 A Not -- no, sir.

7 Q And then after September of 2000, did you

8 continue your responsibilities as an egg trader for

9 UEP?

10 A Yes, sir, when we were not exporting.

11 Q If you -- would you also, though, assist

12 in fulfilling the export order acquiring eggs for a

13 USEM member who could not fulfill its obligations

14 with its own egg production, after September of

15 2000?

16 A Yes. As a UEP, they would ask -- if they

17 could not -- if a U.S. Egg Marketer member could not

18 fulfill their own obligation, they would ask a UEP

19 trader to buy their eggs.

20 Q I'm focusing post-September 2000: That

21 would be true as well, correct?

22 A Yes.

23 Q And would you assist in those trades?

24 A Sometimes I did, yes.

25 Q I'm focusing after --

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1 A After 2000, right.

2 Q So do you recall who from UEP approached

3 USEM about the prospect of them being taken over by

4 UEP?

5 MS. SUMNER: Object to form.

6 THE WITNESS: No.

7 BY MR. STUEVE:

8 Q You can go ahead.

9 A I do not.

10 Q Were you involved in any of the

11 negotiations?

12 A No, sir.

13 Q Who handled that on behalf of USEM?

14 A Jerry Faulkner.

15 Q Now, when did you find out that UEP was

16 taking over the operations of USEM?

17 MS. SUMNER: Object to form.

18 THE WITNESS: I don't remember.

19 BY MR. STUEVE:

20 Q But at some point in September of 2000,

21 you were told that you were no longer going to be an

22 employee of USEM and you were going to be an

23 employee of UEP; is that correct?

24 A I was given the opportunity to work for

25 UEP.

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1 Q That's how it was presented to you?

2 A Yes.

3 Q Fair enough. Who presented that

4 opportunity to you?

5 A I think I discussed it with Jerry

6 Faulkner.

7 Q And what did Jerry tell you; do you

8 remember?

9 A No, I do not.

10 Q But you do recall being advised that you

11 would no longer be an employee of USEM, you would be

12 an employee of UEP; is that correct?

13 A That is correct.

14 Q And were you told that the rest of the

15 USEM staff was being let go?

16 A That's what I was told, yes, sir.

17 Q And were you told that all of their

18 responsibilities would be taken over by UEP?

19 A Yes, sir.

20 Q And were you told by Jerry that his

21 responsibilities would be taken over by UEP

22 President Gene Gregory?

23 A Yes, I would say.

24 Q And, in fact, did all of those things

25 occur approximately in September of 2000?

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1 A Yes, I would say.

2 Q Prior to September of 2000, did USEM pay

3 rent for its office space?

4 A Before 2000?

5 Q Yes.

6 A Yes.

7 Q Did it pay for the cost of the computers

8 that it used?

9 A U.S. Egg Marketers?

10 Q Yes.

11 A Yes.

12 Q Did it pay for the cost of the copiers and

13 other equipment that it used?

14 A Prior to 2000, yes, sir.

15 Q And it paid for all of the staffs'

16 salaries and benefits, correct?

17 A Yes, sir.

18 Q Now, after September of 2000, did you move

19 from the USEM offices?

20 A Yes, sir.

21 Q And --

22 A It was vacated.

23 Q It was vacated. Where did you go?

24 A UEP, their office was at Northridge,

25 that's right. It was in Atlanta.

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1 Q And did you move to those offices?

2 A I moved to that office, yes, sir.

3 Q And was that their headquarters?

4 A Yes, sir, that was their office, their

5 Atlanta office.

6 Q Did you understand that that was UEP's

7 headquarters?

8 A Yes.

9 Q And were you provided an office?

10 A I shared an office.

11 Q With whom?

12 A Billie Jo Corell.

13 Q And who is Billie Jo Corell?

14 A She was an egg trader for UEP.

15 Q So they placed you in the location where

16 other UEP egg traders were located; is that correct?

17 A Yes. There was just the two of us, yes,

18 sir.

19 Q Now, any other staff that was with USEM,

20 did they move over to UEP?

21 A No, sir.

22 Q And was your office space then paid for by

23 UEP?

24 MS. SUMNER: Object to the form.

25 THE WITNESS: I was an employee of UEP.

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1 BY MR. STUEVE:

2 Q Right. So it's your understanding that --

3 you weren't -- you're not aware of you personally or

4 anyone at USEM being charged for office space that

5 you used; is that correct?

6 A Unless it was part of the management

7 agreement.

8 Q You're not aware of it, sitting here

9 today?

10 A Right.

11 Q And I assume the computer that you used,

12 the phones that you used, the copiers that you used,

13 those were all paid for by UEP; is that correct?

14 A Yes.

15 Q I assume to the extent Mr. Gregory, both

16 Gene and Chad, to the extent they are engaged in

17 activities on behalf of USEM, that their computers,

18 their office space, their telephones, all of that is

19 being paid for by UEP; is that correct?

20 MS. SUMNER: Object to form.

21 THE WITNESS: To the best of my knowledge,

22 yes.

23 BY MR. STUEVE:

24 Q You're not aware of any such distinctions

25 taking place, is that correct, that certain costs

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1 are being allocated to USEM?

2 A But USEM pays UEP for a management

3 agreement. So that --

4 Q We'll get to that. Let's put the

5 management agreement aside.

6 Are you aware of any allocation of

7 office space, computers, telephones, copiers, the

8 cost of those being allocated to USEM, that you're

9 aware of?

10 MS. SUMNER: Object to form.

11 THE WITNESS: It would be part of the

12 management agreement.

13 BY MR. STUEVE:

14 Q That's not my question. We're going to

15 get to the management agreement, we're going to walk

16 through it. My question is, let's put the

17 management agreement aside for a moment.

18 Are you aware of any allocation,

19 specific allocation that identified office space --

20 what I mean by office space -- rent, computers,

21 telephones, copiers, those costs that are being

22 allocated to USEM?

23 MS. SUMNER: Object to form.

24 THE WITNESS: It's a part of the

25 management agreement. I know, I have to keep

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1 saying that.

2 BY MR. STUEVE:

3 Q You don't have to keep saying that. I

4 need you to answer my question. I'm asking you,

5 have you seen any allocation, what I'm talking about

6 is a document or a financial record that allocates

7 the cost of office space, computers, telephones, and

8 other equipment that's used by USEM, that -- those

9 costs being allocated to USEM, are you aware of such

10 allocation?

11 MS. SUMNER: I'm going to object to form.

12 And also, this is getting harassing. She's

13 answered the same question three times.

14 MR. STUEVE: She hasn't answered my

15 question.

16 MS. SUMNER: She has answered the

17 question. She's responded to the question

18 three times. This is the last time.

19 MR. STUEVE: Well, let me just -- I'll be

20 real clear here. If that's the position you're

21 going to take, then we will get the judge on

22 the line. Because I'm quite confident the

23 Court will conclude she has not answered my

24 question.

25 BY MR. STUEVE:

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1 Q I hope you know I'm not trying to harass

2 you. I've been very patient this morning with you.

3 You have not given a deposition before. I'm letting

4 you clarify the question.

5 But if you would, if you -- I'm going

6 to have her read back my question. If you'd just

7 answer my question, I'd appreciate it.

8 - - -

9 (Whereupon, the Reporter read

10 back a preceding portion of the

11 testimony as directed:

12 "Q. You don't have to keep

13 saying that. I need you to

14 answer my question. I'm asking

15 you, have you seen any

16 allocation, what I'm talking

17 about is a document or a

18 financial record that allocates

19 the cost of office space,

20 computers, telephones, and other

21 equipment that's used by USEM,

22 that -- those costs being

23 allocated to USEM, are you aware

24 of such allocation?")

25 THE WITNESS: Back to my original

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1 statement, part of the management agreement,

2 U.S. Egg Marketers pays UEP for office space,

3 bookkeeping, separate bank accounts. We are

4 completely separate. So I would -- I would say

5 that is part of the management agreement.

6 I'm not trying to be hard to deal with

7 either.

8 BY MR. STUEVE:

9 Q What I'm asking you, though, is, have you

10 seen --

11 A In a financial statement?

12 Q Yeah. I'm asking if you've seen a

13 document, whether it's a financial statement or some

14 other written document that allocates office space,

15 computers, copiers, cost of telephones, other

16 equipment that is used in order to implement these

17 export trades allocated to USEM? Is that fair to

18 say you have not seen such a document?

19 A It would be in a financial statement that

20 U.S. Egg Marketers pays for the use of this,

21 especially during an export. We pay for the

22 accounting, we pay for the check writing, we pay to

23 use the copiers because they're UEP's.

24 Q What I'm asking you, though, is -- because

25 I want to know, I'm going to ask you to identify the

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1 document if there is such a document.

2 Are you aware of any document that

3 you've seen that allocates copying costs, telephone

4 service, office space, other equipment that's

5 utilized to implement these export trades, allocated

6 to USEM? Have you seen such a document?

7 A I would say it would have to be in a U.S.

8 Egg Marketers' financial statement, yes, sir.

9 Q Can you, sitting here today, identify that

10 document?

11 A No, sir.

12 Q And have you seen any document that

13 allocates a portion of your salary paid by UEP --

14 A I am --

15 Q -- hold on.

16 Have you seen a document that

17 allocates your -- a portion of your salary to USEM

18 for the activities that you do for USEM?

19 A No, sir. I'm an employee of UEP.

20 Q Now, prior to September of 2000, how was

21 USEM funded?

22 A I really do not know.

23 Q Did it have dues that it charged its

24 members?

25 A All the records are gone. I do not recall

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1 prior to 2000.

2 Q You don't recall if they charged dues?

3 A No, sir, I don't.

4 Q Do you recall whether or not it generated

5 any profits from the export trades that it made?

6 A No, sir, I do not.

7 Q You don't know one way or the other?

8 A No, sir. Jerry was in charge.

9 Q But somehow USEM was able to pay your

10 salary?

11 A Yes, sir.

12 Q Mr. Faulkner's salary?

13 A Yes, sir.

14 Q And the other staff members that you

15 identified; is that right?

16 A Yes, sir.

17 Q Do you ever remember seeing any financial

18 statements?

19 A No, sir.

20 Q Whether or not it was making a profit or a

21 loss?

22 A No, sir.

23 Q And you're not aware of any dues that were

24 assessed on members?

25 A No, sir.

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1 Q Whether or not that took place, you just

2 don't know?

3 A I really do not know.

4 Q Do you know whether there was a fee that

5 you generated from your egg trades that was charged

6 to USEM members prior to September of 2000?

7 A I would think it would have to be, but I

8 never saw the records.

9 Q Do you know if those records still exist?

10 A No, sir, they do not. I think they were

11 all destroyed. Jerry Faulkner died in 2003.

12 (Exhibit Blizzard 2 was marked

13 for identification.)

14 BY MR. STUEVE:

15 Q Just so you know for the record, when I

16 hand you documents, I'm labeling them with an

17 exhibit number so when we go back and read the

18 transcript, we know what document you're referring

19 to. So that's the reason we do that.

20 A Thank you.

21 Q Let me show you what's been marked as

22 Exhibit 2.

23 A Okay.

24 Q Have you seen that document?

25 A Yes, sir.

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1 Q And when do you recall seeing that?

2 A In counsel.

3 Q In preparation for your depo today?

4 A Yes, sir.

5 Q Had you seen it prior to that time?

6 A No, sir.

7 Q If we could, do you believe that this

8 document would have been generated sometime prior to

9 September of 2000?

10 A Yes, sir.

11 Q And it identifies, it says, Proposal for

12 management of United States Egg Marketers, USEM,

13 presented by United Egg Producer staff Al Pope and

14 Gene Gregory.

15 And you've identified those two

16 individuals earlier; is that correct?

17 A Yes, sir, that's correct.

18 Q Now, were you present at this

19 presentation?

20 A No, sir.

21 MS. SUMNER: Object to form.

22 Give me a second.

23 BY MR. STUEVE:

24 Q Do you know who was on behalf of USEM?

25 MS. SUMNER: Object to form.

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1 THE WITNESS: No, I do not know.

2 BY MR. STUEVE:

3 Q It says in the second paragraph, With the

4 exception of three members, all USEM members are

5 members of UEP.

6 Did I read that correctly?

7 A You did.

8 Q Now, post-September 2000 up to the

9 present, is it fair to say that nearly all of USEM

10 members are UEP members?

11 A Without looking at records, I would say --

12 I need to look at records to double check, but I

13 would say yes.

14 Q Are you aware, sitting here today, any

15 members of UEP that -- excuse me, USEM that are not

16 members of UEP?

17 A Sitting here today?

18 Q Right.

19 MS. SUMNER: Object to the form.

20 THE WITNESS: Today, 2013, they are all

21 UEP members.

22 BY MR. STUEVE:

23 Q Do you know how long that's been the case,

24 to the best of your recollection?

25 A No, sir.

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1 Q In the third paragraph there, it says, We
2 believe that it's in the best interests of all UEP
3 members, including those with dual membership in UEP
4 and USEM, that we formulate a plan whereby we not
5 only provide management for USEM, but also to
6 increase the number of producers participating in
7 USEM programs for export.

8 Did I read that correctly?

9 A Yes, sir.

10 Q And after September of 2000, did UEP try
11 to expand the number of USEM members?

12 A Sure. That was their goal.

13 Q And how was that done; do you know? How
14 were they solicited?

15 A They were called by other U.S. Egg
16 Marketers members, I would say.

17 Q Did you participate in trying to expand
18 the membership?

19 A No, sir.

20 Q Were there communications that went out
21 from UEP on a regular basis to its members?

22 MS. SUMNER: Object to form.

23 THE WITNESS: Not without looking would I
24 know.

25 BY MR. STUEVE:

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1 Q I'll show you some examples, and that may
2 refresh your recollection.

3 Has the membership in USEM increased
4 since September of 2000?

5 A Yes, sir.

6 Q Would you say substantially?

7 A It did, yes.

8 Q And that would have been through efforts
9 by UEP to expand membership; is that fair to say?

10 A It was by efforts of other U.S. Egg

11 Marketers members to expand the membership.

12 Q Those also would have been members of UEP;
13 is that correct?

14 A Yes.

15 Q It was also by efforts of the president of
16 UEP, correct?

17 A Yes, sir.

18 Q Gene Gregory?

19 A Yes, sir.

20 Q Now, if you go down to -- it says, We
21 would propose the following, and it says, One, UEP
22 would accept the management responsibilities
23 effective September 1, 2000. With USEM having a
24 month-to-month office lease arrangement, we would
25 propose that the office be closed effective

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1 September 30, 2000.

2 And consistent with your
3 recollection, you believe the office space was
4 closed, is that correct, in 2000, USEM's offices?

5 A U.S. Egg Marketers' separate office was.
6 But this has no date on it and no signature. I know
7 that there was a lot of negotiations. So I'm not
8 sure this is the final.

9 Q Right. I think it's clear from the face
10 of the document that this is the proposal, correct?

11 A One of them.

12 Q What I'm asking you, though, is, is it
13 fair to say, though, what was identified under
14 number one under the proposal, in fact, occurred?

15 A That the U.S. Egg Marketers' office was
16 closed?

17 Q Right.

18 A Yes.

19 Q You were the only employee of USEM that
20 went over to UEP; is that correct?

21 A That was hired by UEP, yes, sir.

22 Q And you became a UEP employee as of
23 September of 2000, right?

24 A Yes, sir.

25 Q And that since September 2000, USEM has

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1 had no employees, correct?

2 A That is correct.

3 Q All of its operations and functions are
4 all being performed by UEP employees, correct?

5 A Yes.

6 Q Now, number three says that USEM will
7 remain a separate organization from UEP, that USEM
8 maintain their present Capper-Volstead Act
9 cooperative status.

10 Did I read that correctly?

11 A That's number two?

12 Q Yes.

13 A Yes.

14 Q And then three, UEP would manage USEM very
15 much like it currently does for UEA. What is "UEA"?
16 A It's another division. It's another area
17 that UEP manages.

18 Q And what is that division or area? Do you
19 know what they do?

20 A No, sir, I do not.

21 Q Do you have any responsibilities for them?

22 A No, sir, I do not.

23 Q Do you know what employees at UEP had
24 responsibilities for --

25 A No, sir, I do not.

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1 Q I'm sorry. This is the tough part about
2 depositions because we're all conversationalists,
3 which we like to cut people off, and I know you're
4 not doing it intentionally.

5 A I am not.

6 Q I will remind you, but don't -- I
7 understand it's hard.

8 A Please.

9 Q Let me, just so the record is clear,
10 you're not aware of what, if any, UEP employees,
11 what responsibilities they may or may not have for
12 UEA; is that fair to say?

13 A That is correct.

14 Q Now, did anyone explain to you why it
15 was -- why USEM just didn't become UEP, a part of
16 UEP?

17 A Can you repeat the question?

18 Q Yeah. Why was it necessary, did anyone
19 explain to you that -- to keep this separate entity,
20 USEM? Did anyone explain to you why?

21 A No.

22 Q Did you ever ask?

23 A No.

24 Q It never caused you to wonder why you were
25 employed by UEP and all of your salaries and

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1 benefits were being paid by UEP; that there were no
2 USEM employees; there was no office of USEM; and yet
3 there was still this entity called USEM?

4 A I just knew that they tried to replace
5 Jerry Faulkner and they could not find anyone, so I
6 was offered a job with United Egg Producers, and I
7 was very grateful to have a job.

8 Q Right. When you say "they," you're
9 talking about the folks at UEP that --

10 A United Egg Producers.

11 Q -- that tried to find a replacement for
12 Jerry?

13 A No. No. No.

14 Q Who is "they"?

15 A U.S. Egg Marketers.

16 Q Who at U.S. Egg Marketers was trying to
17 find a replacement for Jerry? Who?

18 A The Board, the chairman. I think -- I'm
19 not sure who the chairman was then. But that's what
20 they were trying to do, U.S. Egg Marketers.

21 Q So when they couldn't find a replacement,
22 did anyone explain to you why that they continued to
23 try to maintain this entity, USEM?

24 A They thought it was necessary for export,
25 to maintain that.

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1 Q The exports could have been done within
2 UEP, correct?

3 A I do not know.

4 Q Now, under number ten, it says that there
5 not be separate export committees for USEM and UEP.
6 Do you see that, number ten?

7 A Yes, sir, I see it.

8 Q Do you know, is there an export committee
9 for USEM?

10 A There is a separate Board of Directors for
11 USEM.

12 Q I'm sorry, that's not my question. I'm
13 asking you about committees for USEM. Is there an
14 export committee for USEM?

15 A Yes --

16 MS. SUMNER: Object to the form and the
17 time period.

18 THE WITNESS: It's completely separate.

19 BY MR. STUEVE:

20 Q I understand that that's what you're
21 prepared to say today, but you need to --

22 A But it's the truth.

23 Q Well, I understand that there is an entity
24 out there called USEM.

25 A Yes, sir.

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1 Q We're trying to figure out what that
2 really means. So if you would, under USEM are there
3 any committees?

4 MS. SUMNER: Object to the form.

5 BY MR. STUEVE:

6 Q That you're aware of.

7 A It is no longer called an export
8 committee. This -- at this time.

9 Q When did that take place?

10 A 2010, I think.

11 Q And prior to 2010, was there an export
12 committee for USEM?

13 A I think that's what it was called, yes,
14 sir.

15 Q And were the members of that committee
16 also the members of the UEP's export committee, to
17 the best of your knowledge?

18 A No. It was all separate.

19 Q I'm not asking you about what -- what I'm
20 asking, do you know if there was any overlap between
21 the members of the export committee for USEM and UEP
22 prior to September of 2010?

23 A No.

24 Q So it's your testimony that to the best of
25 your knowledge, there were separate people on USEM's

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1 export committee and UEP's export committee?

2 A UEP didn't have an export committee.

3 Q Prior to September of 2010?

4 A Yes.

5 Q So prior to September of 2010, there was

6 one export committee that you're aware of, and that

7 was under USEM; is that right?

8 A Yes, sir.

9 Q After September of 2010, that committee

10 was created at UEP; is that right?

11 MS. SUMNER: Object.

12 THE WITNESS: No, sir. No, sir. It was

13 still U.S. Egg Marketers. It was just renamed

14 Board of Directors.

15 BY MR. STUEVE:

16 Q Of --

17 A U.S. Egg Marketers, yes, sir.

18 Q Was there a Board of Directors prior to

19 September of 2010 of USEM that you're aware of?

20 A At -- it was an export. I think it was

21 called an export committee prior to 2010.

22 Q What I'm asking you is -- remember, I'm

23 asking you, this is under oath, ma'am.

24 A I know, I know.

25 Q Prior to September of 2010, are you aware

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1 of a Board of Directors for USEM?

2 A They were all Board members. There was an

3 elected group of four that was a chairman, a vice

4 president, a secretary and a treasurer. And then

5 there were six to eight members that were added to

6 that committee and they were an export

7 committee/executive committee.

8 Q Ma'am, if you would answer my question.

9 Prior to September of 2010, there was an export

10 committee, as I understand your testimony, for USEM;

11 is that correct?

12 A For U.S. Egg Marketers, yes, there was an

13 export committee.

14 Q Prior to September of 2010, was there a

15 Board of Directors that you were aware of for USEM?

16 A Yes.

17 Q And it was called a Board of Directors?

18 A I do not know.

19 Q Have you seen any minutes for a Board of

20 Directors meeting for USEM prior to September of

21 2010?

22 A I really am trying. I'm not ignoring you.

23 Q Are you aware -- if you can answer my

24 question, are you aware of any Board of Directors

25 minutes for USEM prior to September of 2010?

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1 A They were called Board of Directors, yes,

2 sir.

3 Q I'm asking -- if you'd answer my question.

4 Are you saying that you saw minutes of Board of

5 Directors meetings for USEM prior to September 2010?

6 That's my question.

7 A I'm sorry, because I really don't know if

8 they were classified as Board of Directors. I know

9 they were all Board members. I don't know when the

10 division came that they went from the

11 executive/export committee to the Board of

12 Directors. I'm being very honest. I don't know.

13 Q But to the best of your recollection, that

14 occurred sometime in September of 2010; is that

15 right?

16 A I think it actually happened before that,

17 2009.

18 Q So let's move back. Prior to 2009, there

19 was an export committee for USEM?

20 A Yes.

21 Q And after 2009, that committee became a

22 Board of Directors; is that correct?

23 A Yes, sir.

24 Q Do you know why the Board of Directors was

25 created after 2009?

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1 A No, sir.

2 MS. SUMNER: Object to form.

3 THE WITNESS: I do not.

4 BY MR. STUEVE:

5 Q Did you attend the export committee

6 meetings prior to September -- or prior to 2009, did

7 you attend those?

8 A Did I attend the U.S. Egg Marketers

9 meetings?

10 Q Yeah.

11 A Yes, sir.

12 Q Did you take minutes of those meetings?

13 A No, sir.

14 Q Who did?

15 A Mr. Gregory.

16 Q Were those circulated?

17 A Yes, sir.

18 Q Were those circulated as export committee

19 meeting minutes?

20 A They were kept in a notebook, yes, sir.

21 Q And were they entitled "Export Committee

22 Meeting Minutes"?

23 A It was U.S. Egg Marketers meeting

24 minutes -- minutes meeting -- meeting minutes,

25 excuse me.

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1 Q And were those meetings recorded by
2 tape-recording?

3 A No, sir.

4 Q They were not?

5 A To the best of my knowledge, no.

6 Q And this export committee, were there any
7 other committees that you're aware of for USEM from
8 September of 2000 up to 2009, other than the export
9 committee?

10 A I think they had a nominating committee,
11 yes, sir, at the beginning.

12 Q And other than the nominating committee at
13 the beginning, was there any other committee, other
14 than the export committee, up through 2009?

15 A Not to my knowledge, no, sir.

16 Q And then after 2009 up to the present,
17 there's a Board of Directors for USEM; is that
18 correct?

19 A Yes, sir.

20 Q Is there any other group other than the
21 Board of Directors for USEM?

22 A No, sir.

23 Q And when you sat in on the export
24 committee meetings, what was discussed? What was
25 the subject matter of those meetings?

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1 A Of the U.S. Egg Marketers committee
2 meetings?

3 Q Yes.

4 A It was discussed about an export
5 possibility, marketing calls, and I think that was,
6 you know, basically the financial situation, et
7 cetera, et cetera. But mainly export opportunities.

8 Q And would Gene Gregory sit in on these
9 export committee meetings?

10 A U.S. Egg Marketers meetings, yes, sir, he
11 would.

12 Q Any other employees of UEP besides you and
13 Mr. Gregory sitting in on the export committee
14 meetings? And I am focusing on from September of
15 2000 up through 2009.

16 A Yes, sir, usually staff was also present.

17 Q UEP staff?

18 A Yes.

19 Q And who?

20 A Anywhere range from Al Pope, Billie Jo
21 Corell, and I think I have seen Ken Klippen's name
22 on there.

23 Q Who is Ken Klippen?

24 A He was a former UEP employee.

25 Q What were his responsibilities?

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1 A He was in Washington, D.C., and that's the
2 best I know.

3 Q Where would these export committee
4 meetings take place?

5 A The U.S. Egg Marketers meetings usually
6 took place at the same time as the United Egg
7 Producers annual meeting, for economic reasons, yes,
8 sir.

9 Q And were these U.S. export committee
10 meetings only once a year?

11 A Basically, U.S. Egg Marketers had a
12 meeting once a year, yes, sir.

13 Q Were there any other meetings of the
14 export committee other than once a year?

15 A U.S. Egg Marketers export committee/Board
16 meetings usually were by conference call if we had
17 an opportunity for export, yes, sir.

18 Q I'm focusing, though, prior to 2009.
19 We'll get to post-2009.

20 In addition to the annual export
21 committee meeting, which would take place at the
22 same time as UEP's annual meeting, there would be
23 other meetings of the export committee; is that
24 correct?

25 MS. SUMNER: Object to form.

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1 THE WITNESS: No. U.S. Egg Marketers
2 would have a meeting at the same time. In the
3 same location, a completely different office,
4 or conference room. Excuse me.

5 BY MR. STUEVE:

6 Q Other than that meeting that was held at
7 the same time of UEP's annual meeting, were there
8 other meetings of the export committee from
9 September of 2000 to 2009 when the export committee
10 was in place?

11 MS. SUMNER: Object to form.

12 THE WITNESS: Not physically.

13 BY MR. STUEVE:

14 Q But there would be phone calls; is that
15 correct?

16 A Yes, sir.

17 Q And how frequently would those occur?

18 A Only when an opportunity came up for an
19 export.

20 Q And who would participate? Would it be
21 the same folks who would participate in those calls
22 as the annual meeting?

23 A It was the export committee or Board --
24 prior to, it was the export committee that would
25 talk over the phone usually.

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1 Q And would staff members be included in
2 that as well, those phone calls?
3 A Only anyone that was at the office, or
4 like Billie Jo may have sat on it.
5 Q Would Gene Gregory sit in on those?
6 A Yes.
7 Q And would you sit in on those?
8 A Yes.
9 Q And were there minutes taken of those
10 export committee meetings?
11 A Gene Gregory took minutes, yes, sir.
12 Q Now, prior to September of 2000, did UEP
13 have an export committee?
14 A I do not know.
15 Q Has UEP ever had an export committee from
16 September of 2000 up to the present time, that
17 you're aware of?
18 A No.
19 Q Now, if you would, in 11, it says that UEP
20 encouraged greater participation from all its
21 members in export commitments, with those
22 commitments being to USEM instead of to UEP.
23 Do you remember that?
24 A I remember reading this. But again, this
25 is not -- this is part of the negotiations, and I

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1 was not aware of it.
2 Q Did you talk to Mr. Gregory in preparation
3 for your deposition today about this --
4 A This, no, sir.
5 Q It says, All USEM and UEP members will be
6 required to sign an export commitment form.
7 Do you see that?
8 A Which number, sir?
9 Q I'm on number 11, I'm sorry.
10 A Okay.
11 Q Okay.
12 A Okay.
13 Q Now, it's your understanding that, in
14 fact, USEM members do, in fact, sign an export
15 commitment form; is that correct?
16 A Yes.
17 Q Do you know if there's any other export
18 commitment form that's signed by UEP members?
19 A No.
20 Q Not that you're aware of?
21 A Not that I'm aware of.
22 Q The only export commitment form that
23 you're aware of is the form that USEM members sign;
24 is that correct?
25 A That is correct, sir.

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1 Q Now, there are non-USEM members that do
2 participate in export programs sponsored by USEM; is
3 that correct?
4 A Occasionally, yes, sir.
5 Q And who solicits those non-USEM members to
6 participate?
7 A Solicits?
8 Q How do the non-USEM members find out
9 that -- about the export order that they can
10 participate in?
11 A It's -- usually it's being talked about by
12 the industry, I would say.
13 Q How does the industry find out about it?
14 Does UEP communicate to its members that there's an
15 export order that's been placed?
16 A It's not announced initially. It's --
17 well, Gene would announce it in the United Voices, I
18 would say.
19 Q United Voices is a newsletter, if you
20 will --
21 A Yes, sir.
22 Q -- that's prepared by UEP that's sent out
23 to all of its members; is that correct?
24 A Yes, sir.
25 Q So UEP members located in the State of

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1 Kansas, for example, would receive that
2 communication, right?
3 A I would say they would.
4 Q And in those communications, if USEM was
5 placing an export order, that information would be
6 contained in United Voices that would be sent to
7 Kansas UEP members, correct?
8 A Say it again, please.
9 MR. STUEVE: Read it back to her, please.
10 - - -
11 (Whereupon, the Reporter read
12 back a preceding portion of the
13 testimony as directed:
14 "Q. And in those
15 communications, if USEM was
16 placing an export order, that
17 information would be contained
18 in United Voices that would be
19 sent to Kansas UEP members,
20 correct?")
21 THE WITNESS: Yes, I would say.
22 BY MR. STUEVE:
23 Q Now, if you would, in paragraph 14 --
24 MR. STUEVE: Actually, why don't we --
25 we've been going for about an hour here, little

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1 over an hour. Do you mind if we take a quick
2 restroom break here?

3 THE WITNESS: No. That will be fine.
4 (Off the record.)

5 MR. HUTCHINSON: This is Troy Hutchinson
6 for Sparboe Farms. I've been on from the
7 beginning. I got knocked off right when we
8 were taking the roll call.

9 MR. STUEVE: I can assure you, Troy, we
10 were not responsible for that.

11 MR. HUTCHINSON: No, no. It was my issue.
12 BY MR. STUEVE:

13 Q Ms. Blizzard, we're back on the record,
14 and again, if you need to take a break at any time,
15 just let me know. Otherwise, I'm going to keep
16 plowing ahead here, okay?

17 A Yes.

18 Q I got a couple of clean-up questions.
19 You had mentioned that in
20 approximately September of 2010, you were given the
21 title of CEO; is that correct?

22 A Yes.

23 Q Did you ask for that title?

24 A No.

25 Q Who proposed giving you that title?

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1 A My Board -- the U.S. Egg Marketers Board.
2 Q And how do you know that?
3 A Because it was in a meeting.
4 Q That you attended?
5 A Yes, it was.
6 Q What do you recall about the U.S. Egg
7 Marketers meeting about you being given the CEO
8 title?
9 A U.S. Egg Marketers said that I was the
10 most logical one for the title, CEO.
11 Q But did anyone explain to you why it was
12 necessary to give you that title?
13 A No, sir.
14 Q Did you ask?
15 A No, sir.
16 Q Did you get a pay raise?
17 A No, sir.
18 Q Did they also discuss why you were given
19 the responsibility of negotiating the exports?
20 A No, sir.
21 Q Did you ask?
22 A No, sir.
23 Q Do you have an understanding as to why?
24 A I, again, was the most logical one for the
25 position.

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1 Q Well, Mr. Gregory was still with the
2 company, correct?

3 A Mm-hmm.

4 Q With UEP?

5 A Yes, sir.

6 Q And he was the one that had primary
7 responsibility for negotiating with -- I want to
8 make sure we're clear on this, on these exports
9 we're talking about European entities or Canadian
10 entities that would actually place the order; is
11 that correct?

12 A European buyers, yes, sir.

13 Q And prior to September 2010, that
14 responsibility of negotiating with them was handled
15 by Mr. Gregory; is that correct?

16 A Mostly, yes, sir.

17 Q And after September 2010, it was you
18 primarily; is that right?

19 A Yes, sir.

20 Q Anyone else?

21 A No, sir.

22 Q Did Mr. Gregory completely stop performing
23 that function?

24 A Yes, sir.

25 Q And he's still, though, the president of

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1 UEP, correct?

2 A Yes, sir.

3 Q And a full-time employee, correct?

4 A Yes, sir.

5 Q Did anyone explain to you why Mr. Gregory
6 was no longer going to participate in these
7 negotiations at all?

8 A No, sir.

9 Q Did you ask anyone?

10 A No, sir. Again, I was the most logical
11 one for the position.

12 Q I understand when you say "position," but
13 the only additional responsibility was negotiating
14 with the European buyers.

15 And what I'm asking you is, did
16 anyone explain to you why, after September 2010,
17 Mr. Gregory would no longer have any involvement in
18 that?

19 A No, sir.

20 Q Did anyone else at UEP have any
21 involvement with negotiations with European buyers
22 after September 2010 other than you?

23 A No, sir.

24 Q And even though you were given this
25 additional responsibility, you did not -- and title,

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1 you did not get a pay raise at that time; is that
 2 correct?
 3 A Yes, sir.
 4 Q Did you ask for one?
 5 A No, sir.
 6 Q Who makes the determination -- let me ask
 7 you this: Prior to September of 2010, who at UEP
 8 would make the determination that an export should
 9 take place to a European market?
 10 MS. SUMNER: Object to form.
 11 THE WITNESS: No one at UEP.
 12 BY MR. STUEVE:
 13 Q No one. Mr. Gregory had no involvement?
 14 A You said after 2010?
 15 Q No, prior to September --
 16 A Oh, I'm sorry. Say your question again.
 17 Q Prior to September of 2010, who at UEP
 18 made the determination whether or not an export to a
 19 European market should take place?
 20 MS. SUMNER: Same objection to form.
 21 THE WITNESS: We were called by an
 22 exporter. We would take it to the Board.
 23 BY MR. STUEVE:
 24 Q Who would they call prior to September of
 25 2010?

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1 A Either Gene or I -- or myself.
 2 Q And then would Mr. Gregory make a
 3 determination whether or not that should be
 4 submitted to the USEM folks for further discussion?
 5 A Gene and I would organize a U.S. Egg
 6 Marketers -- this is prior?
 7 Q Mm-hmm.
 8 A -- and export committee call, yes, sir.
 9 Q And was an export committee call arranged
 10 every time you or Mr. Gregory were contacted by a
 11 foreign buyer?
 12 A No, sir.
 13 Q How often -- percentage of the time that
 14 either -- that Mr. Gregory was called by a foreign
 15 buyer that that was actually presented to the export
 16 committee?
 17 A I would say every time it was taken to the
 18 chairman and it was discussed, and it was a mutual
 19 decision, depending upon various reasons, price,
 20 everything, whether it would go to the executive
 21 committee -- or export committee, excuse me.
 22 Q Was that 50 percent of the time, less than
 23 50 percent of the time, more than 50 percent of the
 24 time?
 25 A I would say way more than 50 percent, yes,

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1 sir.
 2 Q But who was the chair of the export
 3 committee prior to September of 2010?
 4 A Larry Seger was, up until when he died.
 5 And then it was Dolph Baker.
 6 Q And so the best of your recollection,
 7 prior to September 2010, there would be a
 8 conversation between you, Mr. Gregory and the chair
 9 of the export committee to determine whether or not
 10 it should be presented to the export committee?
 11 A Yes, sir.
 12 Q Anyone else involved in those discussions?
 13 A No, sir.
 14 Q Now, after September of 2010, who would
 15 make the decision to present it to the export
 16 committee?
 17 A Myself and the chairman, which is Dolph
 18 Baker.
 19 Q Did you have any communications with
 20 Mr. Gregory?
 21 A No.
 22 Q Were you told not to have any
 23 communications with Mr. Gregory?
 24 A No.
 25 Q Why wouldn't you continue to have

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1 communications with Mr. Gregory after
 2 September 2010?
 3 A Because I was the new CEO of U.S. Egg
 4 Marketers and it was my responsibility.
 5 Q I understand that. But you had that
 6 responsibility prior to September 2010, you were
 7 involved in that decision, correct?
 8 A Not as fully as I was now.
 9 Q Right. But why didn't you communicate to
 10 Mr. Gregory after September 2010 concerning whether
 11 or not an export order should be taken?
 12 A There was no reason to.
 13 Q No reason to?
 14 A There was no reason to.
 15 Q Now, your testimony is that you don't
 16 recall at any time talking to Mr. Gregory after
 17 September of 2010 about an export order?
 18 A He would not be in the decision-making.
 19 It may have been discussed, but he was not in the
 20 decision-making.
 21 Q Let me ask you that, then, to be clear.
 22 After September 2010, you would acknowledge that you
 23 would have had communications with him about
 24 potential export order, but he was not involved in
 25 the decision-making; is that correct?

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1 A Yes, sir.

2 Q And was it -- were there -- do you recall

3 anyone else, after September 2010, besides you --

4 you had some discussions with Mr. Gregory concerning

5 potential export order.

6 Anyone else at UEP you would have

7 spoken with after September of 2010 about a

8 potential export order, other than Mr. Gregory?

9 A We're in the same office together. We

10 just -- it may have been talked about.

11 Q With who else?

12 A Chad Gregory, possibly. That was it.

13 Q And what was his position after

14 September 2010?

15 A He was still vice president until 2013.

16 Q Would you also talk to the egg traders as

17 well?

18 A I'm smiling, forgive me. I am the egg

19 trader.

20 Q There are no other egg traders at UEP?

21 A There are not, not now.

22 Q When did that take place?

23 A Various years. Billie Jo retired.

24 Q So best of your recollection, how long

25 have you handled exclusively the egg trading

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1 responsibilities at UEP?

2 A I'm not sure of her retirement year.

3 Q Who?

4 A Billie Jo, I'm sorry.

5 Q But would it have been over five years

6 ago, best of your recollection?

7 A I would say it would be.

8 Q So --

9 A But without looking at paperwork, I'm

10 really not sure.

11 Q That's what I'm asking you. Your best

12 estimate, it was over five years ago --

13 A Mm-hmm.

14 Q -- you'd have to look at the records, but

15 since her retirement, you've been the only egg

16 trader at UEP?

17 A Derreck Nassar helped for maybe one year,

18 maybe not even one year.

19 Q But other than that, it's been you?

20 A Yes.

21 Q When did Dolph Baker join UEP?

22 A Join UEP, I have no idea.

23 Q Does he -- let me back up. What is his

24 role with UEP, Dolph Baker?

25 A With UEP?

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1 Q Yeah.

2 A I do not know. U.S. Egg Marketers, he's

3 our chairman.

4 Q Do you know if his company is a member of

5 UEP?

6 A Yes, his company is.

7 Q What's the name of his company?

8 A His company is Cal-Maine Foods.

9 Q Right. Do you know how long Cal-Maine

10 Foods has been a member of USEM?

11 A Probably from the onset.

12 Q And do you know whether or not he was a

13 member of the export committee prior to 2009?

14 A He took over when Larry Seger died, and I

15 don't remember the year he died.

16 Q Would that have been --

17 A 2008 or something like that.

18 Q So after that point in time, he took over

19 as chair of what was then the export committee?

20 A U.S. Egg Marketers export committee, yes,

21 sir.

22 Q And then now that group is called Board of

23 Directors; is that right?

24 A That is correct.

25 Q Is he still the chair of the Board of

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1 Directors?

2 A Yes, sir.

3 Q And is he still the owner of Cal-Maine?

4 A I don't know his title. I want to say

5 he's president.

6 Q He's a senior officer of Cal-Maine, to the

7 best of your recollection; is that correct?

8 A Yes, sir.

9 Q Do you know that Cal-Maine has an egg

10 production facility in Kansas?

11 A They have a farm in Chase, Kansas, yes,

12 sir.

13 Q Are you familiar with it?

14 A I just know that it's there.

15 Q And do you know that -- can you confirm

16 it's been there since September of 2000?

17 A Not exactly.

18 Q Can you confirm it's been there for a long

19 time?

20 A Yes, sir.

21 Q Now, if we could turn back --

22 MR. STUEVE: I apologize. I was drinking

23 water. I've got a bad cold and so I'm trying

24 to keep my voice moist, so I don't want to be

25 the pun of jokes after State of the Union.

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1 There's no videotape here. I apologize if I'm
2 stopping in the middle of my question, I'm just
3 trying to keep my voice going here. Okay.

4 BY MR. STUEVE:

5 Q If we could turn back to Exhibit No. 2, it
6 says on -- back to paragraph 10, it says, All income
7 from export sales will become income to UEP.

8 Do you see that there?

9 A I do, sir.

10 Q And is that your understanding as to how
11 the financial records have been handled?

12 A No, sir.

13 Q It's not?

14 A No, sir.

15 Q And how do you believe they've been
16 handled?

17 A Well, again, this is not a complete
18 document, there's not a signature. I believe this
19 was part of the negotiation. And U.S. Egg Marketers
20 is completely separate from UEP.

21 MR. STUEVE: I'll move to strike the
22 answer as nonresponsive.

23 BY MR. STUEVE:

24 Q I understand that you've been prepared for
25 your deposition today. If you would, so we can get

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1 done today, if you would just answer the question
2 that I ask.

3 I'll have her read it back. And,
4 again, if you don't understand my question, I'll
5 rephrase it.

6 MS. LEVINE: Before you ask that question,
7 there's an e-mail that's not clear that the
8 phone line is set up.

9 - - -

10 (Whereupon, the Reporter read
11 back a preceding portion of the
12 testimony as directed:
13 "Q. And how do you believe
14 they've been handled?")

15 BY MR. STUEVE:

16 Q Do you understand my question?

17 So since September of 2000, how do
18 you believe the income from export sales that USEM
19 may have been involved in has been handled?

20 A U.S. Egg Marketers is completely separate
21 from UEP.

22 Q Do you know how the income, though, has
23 been booked on the books of USEM, if at all?

24 A It's completely separate checking account.

25 Q Are you familiar with the financial

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1 records of UEP?

2 A I have not seen the financial records of
3 UEP.

4 Q Do you know whether or not there is any
5 item on the financial records, whether it's a
6 profit/loss or income statement, that reflects
7 income or losses from USEM?

8 A To my knowledge, it would be on U.S. Egg
9 Marketers profit and loss.

10 Q I'm not asking you to speculate. I'm
11 asking you to answer my question.

12 MR. STUEVE: If you could read it back.

13 BY MR. STUEVE:

14 Q If you don't know, ma'am, that's fine.
15 You can just tell me you don't know.

16 MR. STUEVE: Can you read it back to her,
17 please.

18 - - -

19 (Whereupon, the Reporter read
20 back a preceding portion of the
21 testimony as directed:
22 "Q. Do you know whether or not
23 there is any item on the
24 financial records, whether it's
25 a profit/loss or income

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1 statement, that reflects income
2 or losses from USEM?")

3 THE WITNESS: On the UEP statement?

4 BY MR. STUEVE:

5 Q Yes.

6 A No, I do not know.

7 Q And have you ever seen a USEM profit and
8 loss statement or income statement?

9 A It may have been in a U.S. Egg Marketers
10 folder at a meeting.

11 Q But sitting here today, can you recall
12 seeing a financial statement, whether it's an income
13 statement or profit and loss statement, a cash flow
14 statement, for USEM?

15 A Yes.

16 Q Which one of those?

17 A A financial statement, which is --

18 Q I'm sorry. You go ahead and finish your
19 answer.

20 A Again, I'm not an accountant.

21 Q Right. That's what -- if you can
22 understand what -- I'm trying to figure out, when
23 you say "financial statement," what do you mean? So
24 if there's a document out there, maybe we can
25 identify it.

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1 Do you know, when you say "financial
2 statement," have you seen an income statement for
3 USEM?
4 A It would be put in the U.S. Egg Marketers
5 folders for their Board meetings.
6 Q And do you recall how many pages those
7 financial statements are?
8 A No, sir.
9 Q Have you ever prepared a budget for USEM?
10 A No, sir.
11 Q Now, if you could turn to the next page,
12 and this is UE118 of Exhibit 2, up under 16, it
13 says, As a cost-saving measure, we would recommend
14 that ECI and Urner Barry subscription and
15 memberships be discontinued. These would be
16 available through UEP.
17 Did I read that correctly?
18 A Yes, sir, you did.
19 Q Did that, in fact, occur?
20 A To the best of my knowledge.
21 Q Do you use -- as part of your
22 responsibilities for USEM, do you use ECI and Urner
23 Barry?
24 A No, sir.
25 Q You don't use Urner Barry?

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1 A With UEP, I do. Not for U.S. Egg
2 Marketers, I do not.
3 Q When you are, though, executing a trade in
4 order to fill a USEM order, export order, don't you
5 use Urner Barry?
6 A I would say yes.
7 Q And when you're negotiating,
8 post-September 2010, with European or foreign
9 buyers, do you not rely on Urner Barry?
10 A The market is looked at, yes, sir.
11 Q And yet, as far as you know, USEM pays no
12 subscription fee to either ECI or Urner Barry; is
13 that correct?
14 A Specifically, I'm not sure. I would say
15 it's part of the management agreement.
16 Q Now, if you would, go down to Financial
17 Considerations. It says, USEM members currently are
18 paying membership dues at the rate of 1.25 -- a
19 dollar twenty-five cents -- per case of total
20 production. Members report monthly their cases
21 produced in the previous month. USEM then invoices
22 for the cases reported by the member.
23 Did I read that correctly?
24 A You read that correctly.
25 Q Does that refresh your recollection as to

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1 how dues were assessed by USEM, best of your
2 knowledge?
3 A I was not a part of the negotiation.
4 Q I'm not talking about the negotiation.
5 This is talking about what USEM was doing prior to
6 September 2000.
7 It says, USEM members currently are
8 paying membership dues at the rate of \$1.25 per case
9 of total production.
10 Did I read that correctly?
11 A You did.
12 Q And is that consistent with your
13 recollection?
14 A I'm sorry. I do not recall that.
15 Q Do you have any facts that would dispute
16 that statement?
17 A Before 2000, no, sir.
18 Q Then it says, Members report monthly their
19 cases produced in the previous month.
20 Are you aware of any facts that would
21 dispute that statement?
22 A Again, this was before 2000, and I do not
23 have any records.
24 Q Sitting here today, you're not aware of
25 any facts that would dispute that statement; is that

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1 correct?
2 A Correct or incorrect. No, sir.
3 Q It says, USEM then invoices for the cases
4 reported by the member.
5 Do you see that?
6 A Yes, sir.
7 Q Who would have handled that at USEM?
8 A Jerry Faulkner.
9 Q Now, after September 2010, there are no
10 additional dues that have to be paid to be a member
11 of USEM other than UEP dues, correct?
12 MS. SUMNER: Object to form.
13 THE WITNESS: You said 2010?
14 BY MR. STUEVE:
15 Q I'm sorry. I got my dates mixed up. See,
16 you're helping me out here. I appreciate it.
17 After September -- we'll focus on
18 September 2000. After September 2000, after the
19 USEM was taken over by UEP, to be a USEM member
20 required no additional dues other than the dues
21 being paid to UEP, correct?
22 MS. SUMNER: Object to form.
23 THE WITNESS: U.S. Egg Marketers was
24 managed by UEP. There were dues that began in
25 2000 -- excuse me. No. It was a management

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1 fee. I beg your pardon.

2 BY MR. STUEVE:

3 Q So after September 2000, it's correct to

4 say that USEM members did not have to pay any dues

5 other than the dues they were already paying as a

6 member of UEP, correct?

7 MS. SUMNER: Object to the form.

8 THE WITNESS: I would have to see the

9 years. I do not recall.

10 BY MR. STUEVE:

11 Q Is that the best of your recollection?

12 MS. SUMNER: Same objection.

13 THE WITNESS: I do not recall.

14 BY MR. STUEVE:

15 Q Well --

16 A Honestly.

17 MR. STUEVE: Counsel, she's supposed to be

18 prepared to testify on behalf of USEM with

19 respect to how -- their finances, how they're

20 funded. And so, I've got some documents,

21 but did you prepare her to answer these

22 questions?

23 MS. SUMNER: I think what she's telling

24 you is because it fluctuated over time, it

25 would help her to see the documents, and then

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1 she can explain to you for particular time

2 periods what -- that she's prepared to explain

3 what the due situation was for particular

4 years, but she's going to need the assistance

5 of the documents because it changes over time.

6 MR. STUEVE: Got it. Okay.

7 BY MR. STUEVE:

8 Q Now, if you would, in the third paragraph

9 under Financial Considerations, it says, The

10 objective of this management agreement would be to

11 provide virtually the same service while reducing

12 the membership due rates for all USEM members. This

13 appears to be possible through the consolidation of

14 the two offices.

15 Did I read that correctly?

16 A You did, sir.

17 Q And, in fact, after September 2010, the

18 services being provided by USEM were -- after

19 September of 2000 -- start over.

20 After September of 2000, the services

21 being provided by USEM were virtually the same as

22 they were offering prior to September of 2000,

23 correct?

24 A U.S. Egg Marketers was simply for export

25 purposes and a marketing conference call. That is

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1 all that U.S. Egg Marketers was responsible for.

2 Q And if you would answer my question.

3 So the services that U.S. Egg

4 Marketers was providing prior to September of 2000

5 was virtually the same as they were providing after

6 September of 2000, correct?

7 A Define "services."

8 Q Just what you -- your definition that you

9 just gave me.

10 A I would say yes.

11 Q Now, U.S. Marketers -- USEM does not have

12 its own website, correct?

13 A That is correct.

14 (Exhibit Blizzard 3 was marked

15 for identification.)

16 BY MR. STUEVE:

17 Q Let's me show you what's been marked as

18 Exhibit No. 3. Can you confirm that this is -- if

19 you would, you can look up at the upper right-hand

20 corner of Exhibit No. 3. That's the URL for the

21 UEP's website?

22 A United Egg Producers, yes, sir.

23 Q And it's unitedegg.org; is that right?

24 A Yes, sir.

25 Q And there are -- you're familiar with this

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1 website; is that correct?

2 A Yes, sir.

3 Q Again, this is UEP's website. Can you

4 confirm that there's several -- under the brand and

5 name of United Egg Producers, there's "About Us" --

6 A Mm-hmm.

7 Q -- and then there's several other topics

8 there. One of them is "Member Services"; is that

9 correct?

10 A Yes, sir.

11 Q We've printed off that page, and I'll show

12 that to you in just a moment.

13 But the -- if you would, over on the

14 second page -- by the way, on the bottom right-hand

15 corner, you can see that it's dated February 13,

16 2013, 11:37 a.m.?

17 A Mm-hmm.

18 Q Can you confirm, to the best of your

19 knowledge, that this is the current content on UEP's

20 website?

21 A A particular --

22 Q We'll go back to the first page, if you

23 would. Look down at the bottom. See the date stamp

24 there?

25 A Yes.

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1 Q Can you confirm, best of your knowledge,
2 that this is the "About Us" page on the United Egg
3 Producers website currently?
4 A Yes.
5 Q If you could, to the second page, could
6 you confirm that under the "Member Services," you'll
7 see it's highlighted now, that this is the "Member
8 Services" page for United Egg Producers?
9 A Yes.
10 Q And under "Member Services" is the
11 reference to U.S. Egg Marketers, correct?
12 A Yes.
13 Q And is there any other page that you're
14 aware of on the website that identifies U.S. Egg
15 Marketers other than the "Member Services" page of
16 UEP's website?
17 A There may be an identification under
18 "About Us," but this is United Egg Producers
19 website.
20 Q Now, under U.S. Egg Marketers, there --
21 first of all, if you look under -- it has the
22 headquarters under "Contact United Egg," and it has
23 Chad Gregory, and it has his title as president and
24 CEO, right?
25 A Yes.

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1 Q And it has, under David Inall, senior vice
2 president?
3 A Yes.
4 Q When did he join UEP?
5 A It was mid to late January of 2013.
6 Q What are his responsibilities?
7 A He's a new senior vice president, new. I
8 think he is taking care of environmental -- yes,
9 environmental.
10 Q Could you be more specific? What do you
11 mean by "environmental"?
12 A Environmental issues.
13 Q Like what, just generally what are we
14 talking about?
15 A He deals with the D.C. people, Washington,
16 D.C. people, and checks with the farms. I don't
17 know that his title has been truly established, to
18 my knowledge.
19 Q Does he have any responsibilities with
20 respect to exports?
21 A No.
22 Q Now, Sherry Shedd is also listed there as
23 vice president of finance, correct?
24 A Yes, sir.
25 Q What are her responsibilities currently?

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1 A She works also for UEP, and she is part of
2 the management agreement with U.S. Egg Marketers,
3 and she handles the bookkeeping and the invoicing.
4 Q And you had described her responsibilities
5 generally earlier. Would those responsibilities be
6 the same today as you identified earlier?
7 A Yes, sir.
8 Q And then Krista Eberle, she's identified
9 as the director of food safety programs?
10 A That is correct.
11 Q When did she join UEP?
12 A I'd say three years ago.
13 Q What are her responsibilities?
14 A She is exactly that, she deals with
15 illnesses and salmonella issues and deals directly
16 with the farmers.
17 Q Next one is Derreck Nassar, director of
18 operations.
19 A Yes, sir.
20 Q What are his responsibilities?
21 A He deals with animal welfare.
22 Q When did he join?
23 A I'd say six years ago.
24 Q Have his responsibilities been basically
25 the same at UEP during that time period?

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1 A Not the entire time, sir.
2 Q What additional responsibilities did he
3 have?
4 A He did, initially, some egg trading.
5 Q And how long has it been since he stopped
6 that?
7 A I would say he's been doing this for a
8 year and a half, maybe two years.
9 Q And prior to that, did he do some egg
10 trading?
11 A His job has fluctuated.
12 Q So what I want to know is when is the last
13 time -- how long ago, how many years has it been, to
14 the best of your recollection, that Mr. Nassar has
15 been involved in an egg trade?
16 A Mr. Nassar will -- if I'm out of the
17 office, he may take care of an egg trade if someone
18 calls in, to this day. But not a hundred percent.
19 Q And he is an employee of UEP; is that
20 correct?
21 A That is correct.
22 Q He's been an employee of UEP the entire
23 time; is that right?
24 A Yes, sir.
25 Q What about Caryn Konrad?

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1 A Yes, sir.

2 Q What is her responsibility? She's

3 identified as the executive assistant.

4 A I think she's actually the office manager.

5 Q And then how long has she been with UEP?

6 A I'm not sure. I'd say a year.

7 Q And who does she report to?

8 A Chad.

9 Q Does she assist you at all?

10 A No.

11 Q And Chad Gregory being the current

12 president of UEP?

13 A Yes, sir.

14 Q Now, then under U.S. Egg Marketers, you

15 are not listed as the CEO, are you?

16 A That is correct.

17 Q Have you brought that to the attention of

18 UEP?

19 A No, sir, but I will.

20 Q You, in fact, are identified as

21 export/marketing; is that correct?

22 A That is correct.

23 Q And you have officially been given the

24 title of CEO for over two years; is that correct?

25 A Yes, sir.

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1 Q All right.

2 (Exhibit Blizzard 4 was marked

3 for identification.)

4 BY MR. STUEVE:

5 Q I'll show you what's been marked as

6 Exhibit No. 4. Again, this is another page, if you

7 can confirm for me, under "Member Services" of the

8 UEP website that we've printed out on February 13,

9 2013; is that correct?

10 A Yes, sir.

11 Q And it has a more detailed description of

12 United States Egg Marketers, or USEM; is that

13 correct?

14 A Yes, sir.

15 Q And it has you listed again as staff

16 coordinator; is that correct?

17 A Yes, sir.

18 Q But not as the CEO?

19 A Correct.

20 Q And is this the first time you've noticed

21 that, ma'am?

22 A Yes, sir.

23 Q All right.

24 (Exhibit Blizzard 5 was marked

25 for identification.)

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1 BY MR. STUEVE:

2 Q Let me just show you, is this a photograph

3 of the -- this is Exhibit No. 5. Is that a photo of

4 the headquarters at UEP?

5 A Actually, no.

6 Q What is that?

7 A That is the building across the way from

8 us.

9 Q It is?

10 A It's 1725.

11 Q And your address is 1724?

12 A Yes, sir.

13 Q We're getting close.

14 A It's close.

15 Q Is that -- where is 1724 -- where are the

16 headquarters, just so we have --

17 A 1720 Windward Concourse, in Alpharetta,

18 Georgia.

19 Q Where is that in Georgia?

20 A North and east of --

21 Q Of Atlanta?

22 A -- Atlanta.

23 Q By how much drive time?

24 A Twenty, 25 miles.

25 (Exhibit Blizzard 6 was marked

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1 for identification.)

2 BY MR. STUEVE:

3 Q This is Exhibit No. 6, a document dated

4 May 30, 2000. Did you review this in preparation

5 for your deposition today?

6 A Yes, sir.

7 Q When do you recall reviewing it?

8 A You know what, no, excuse me, I did not.

9 I don't think I've seen this.

10 Q If you would, it has the UEP staff over on

11 the left, and it identifies Al Pope as president; is

12 that right?

13 A Yes, sir.

14 Q And then it has Gene Gregory as senior

15 vice president; is that right?

16 A Yes.

17 Q And if you notice, it's a UEP document

18 that's sent to the UEP export committee.

19 Do you see that?

20 A How about that?

21 Q So let me -- the reason why I'm bringing

22 your attention to that, the best of your

23 recollection, after September of 2000, you're not

24 aware of any UEP export committee; is that correct?

25 A After September 2000, I am not aware of a

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1 UEP export committee, that's correct.

2 Q That committee's role was basically taken

3 over by the USEM export committee, correct?

4 A U.S. Egg Marketers took over the export,

5 yes, sir.

6 Q Now, if you would, it says, Today we will

7 conduct a conference call to determine UEP's

8 involvement with USEM in filling export orders of a

9 hundred container loads each for June, July and

10 August.

11 This would have been at a time there

12 was a transition going on; is that correct?

13 A This was before, yes.

14 Q And USEM has only agreed to fill this

15 export order providing that UEP takes 25 percent of

16 the delivery.

17 Did I read that correct?

18 A Yes, sir, you did.

19 Q USEM has also reported that they will not

20 take any future export orders unless UEP assumes

21 40 percent of the delivery.

22 Did I read that correctly?

23 A You did.

24 Q This is a communication that was from Gene

25 Gregory, who, shortly thereafter, became the

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1 president, is that right, of UEP?

2 A Define "shortly thereafter."

3 Q Would that have happened in the 2001 time

4 frame, the next year?

5 A Rephrase your question. I'm sorry.

6 Q And I will. I'm jumping around here a

7 little bit.

8 Is it fair to say that at some time

9 in 2001, that Mr. Gregory became the president, or

10 do you recall?

11 A I do not. I do not know when Al left.

12 Q But this is from Mr. Gregory, who, at the

13 time, was the senior VP of UEP; is that correct?

14 A That looks like that, yes.

15 Q And the -- if you can go down to the

16 paragraph that starts with, As in the past, those

17 members committing to support the export order would

18 be charged the difference between the sales price

19 and the purchase price.

20 Did I read that correctly?

21 A Yes.

22 Q And we're going to get into that in more

23 detail in a little bit.

24 Based upon Urner Barry prices

25 reported on May 26, these sale prices are at levels

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1 that are not subsidized.

2 Did I read that correctly?

3 A Yes.

4 Q What does that mean when they say they're

5 "not subsidized"?

6 MS. SUMNER: I'm going to object to that

7 being outside the scope of the 30(b)(6) notice.

8 If she knows, she can answer it.

9 THE WITNESS: I do not.

10 BY MR. STUEVE:

11 Q Then it says, However, we should hope that

12 market prices go up considerable during the export

13 delivery period.

14 Did I read that correctly?

15 A You did.

16 Q Do you have an understanding as to what he

17 meant there?

18 MS. SUMNER: Again, I'm going to object on

19 the same grounds.

20 BY MR. STUEVE:

21 Q Go ahead.

22 A It's always an assumption that it will.

23 It may; it may not.

24 Q The assumption that it will, meaning that

25 after the export order is placed, that the prices

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1 for eggs in the domestic market in the United States

2 would go up; is that correct?

3 A You have to be an economist to predict

4 that. It is an assumption, yes, sir.

5 Q And that's what he's referring to here; is

6 that correct?

7 A I assume so, yes.

8 MS. SUMNER: I'm going to object to the

9 form of that question and being outside the

10 scope of the notice.

11 BY MR. STUEVE:

12 Q If you could, on the next page, UE65510,

13 it says, This leaves the following companies as

14 having a commitment made that we trust will be

15 honored.

16 Do you see that list?

17 A I do.

18 Q And can you confirm for me that in that

19 list is Nelson Poultry Farm?

20 A I see that.

21 Q And that would have been a USEM member

22 that was headquartered in Manhattan, Kansas,

23 correct?

24 A Prior to 2000 September, I have no -- no

25 authority that Nelson is.

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1 Q Well, can you confirm for me that after
 2 September 2000, that they were a USEM member that
 3 was headquartered in Manhattan, Kansas?
 4 A Yes.
 5 Q Sitting here today, do you have any reason
 6 to believe that in May of 2000, just a few months
 7 earlier, that they were not headquartered in
 8 Manhattan, Kansas?
 9 A I have no reason to believe that.
 10 Q And Nelson Poultry Farm, in fact,
 11 participated in this export order that was
 12 implemented in -- or after May of 2000, correct?
 13 MS. SUMNER: Object.
 14 BY MR. STUEVE:
 15 Q You can answer.
 16 A Could you rephrase the question or give me
 17 the question again.
 18 Q Sure.
 19 - - -
 20 (Whereupon, the Reporter read
 21 back a preceding portion of the
 22 testimony as directed:
 23 "Q. And Nelson Poultry Farm, in
 24 fact, participated in this
 25 export order that was

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1 implemented in -- or after May
 2 of 2000, correct?")
 3 MS. SUMNER: I'm objecting. She's not
 4 here to testify on behalf of UEP.
 5 If she knows on behalf of USEM.
 6 THE WITNESS: I do not.
 7 MR. STUEVE: Well, she has to be able to
 8 testify with respect to USEM because that's
 9 what she's been designated.
 10 BY MR. STUEVE:
 11 Q Can you confirm for me -- or are you aware
 12 of any facts that would indicate that in May of
 13 2000, that Nelson Farms was not headquartered in
 14 Manhattan, Kansas?
 15 A I do not know if they were -- they were a
 16 member after September of 2000 of U.S. Egg
 17 Marketers.
 18 Q Do you know if they were a member prior to
 19 September of 2000?
 20 A Of U.S. Egg Marketers?
 21 Q Yes.
 22 A No, I do not.
 23 Q Whether or not they were a member of U.S.
 24 Egg Marketers in May of 2000, it does indicate in
 25 this document in May of 2000 that they were going to

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1 participate in a USEM export order, correct?
 2 A As a UEP member.
 3 Q Well, you don't know whether or not that
 4 was as a UEP member and/or a USEM member, correct?
 5 MS. SUMNER: Objection.
 6 THE WITNESS: No.
 7 BY MR. STUEVE:
 8 Q You don't know one way or the other,
 9 correct?
 10 A They were not a U.S. Egg Marketers member
 11 prior to September of 2000.
 12 Q How do you know that, ma'am?
 13 A Because I've looked at the documents.
 14 Q That's what I'm trying to find out. What
 15 documents did you look at?
 16 A They were in the export lists of 2000.
 17 Q And do you know when in 2000 they joined?
 18 A The end of 2000.
 19 Q And how do you know that?
 20 A Because I've seen it in print.
 21 Q Do you have a specific date when they, in
 22 fact -- I've seen the export list. Do you know how
 23 frequently those export lists were generated?
 24 A No, sir.
 25 Q So is it fair to say, sitting here today,

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1 you're not sure when they joined in 2000; is that
 2 correct?
 3 A I think -- I've seen the date. I want to
 4 say it's October 31 of 2000 -- or September, excuse
 5 me, end of September. I need to see the document.
 6 Q Is it your understanding that on or about
 7 September of 2000, did USEM take over the export
 8 membership of UEP?
 9 A No, we didn't take over the -- no, we did
 10 not.
 11 Q Do you know -- so, for example, that these
 12 UEP members that are identified in May of 2000 in
 13 here, did they become USEM export members?
 14 A Some of them may.
 15 Q Do you know how many of them did?
 16 A No, sir.
 17 (Exhibit Blizzard 7 was marked
 18 for identification.)
 19 BY MR. STUEVE:
 20 Q I'm going to show you what's been marked
 21 as Exhibit 7. Did you review these minutes?
 22 A Prior to 2000, no, sir -- prior to
 23 September 2000, no, sir.
 24 Q If you would -- but in preparation for
 25 your deposition today, did you review these?

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1 A No, sir, I don't...

2 MR. STUEVE: I apologize. I need to take

3 a quick restroom break here.

4 (Brief recess.)

5 (Exhibit Blizzard 8 was marked

6 for identification.)

7 BY MR. STUEVE:

8 Q I'll show you what's been marked as

9 Exhibit No. 8. Can you confirm for me that this is

10 a communication to UEP Board of Directors signed by

11 Al Pope and Gene Gregory dated July 24?

12 MS. SUMNER: I'm going to object to that

13 question. I just want to explain, Pat, she's

14 here today as the USEM corporate

15 representative.

16 You're showing her a lot of UEP

17 documents. I'm letting her answer questions

18 about the statements in the documents to the

19 extent that she knows, either individually

20 because she was employed by UEP, or as the USEM

21 corporate representative.

22 In particular, these documents are before

23 she even came to UEP. So I just want to be

24 clear about that, and that there's a continuing

25 objection to these questions on that ground.

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1 I'm not going to instruct her not to answer.

2 MR. STUEVE: Just to respond to the

3 objection, the questions that I've been asking

4 have to do with the structure, organization,

5 financing of USEM. And so, yes, some of them

6 occur prior to her being employed by UEP, but

7 she's been identified by USEM to be able to

8 respond to those questions.

9 So I think my questions have been tailored

10 to that.

11 BY MR. STUEVE:

12 Q If you would --

13 MS. SUMNER: Let me respond to that. To

14 the extent that she knows USEM, she is

15 absolutely prepared on those topics and can

16 answer them. Most of the questions I would

17 agree with you.

18 You did ask a question about what

19 Mr. Gregory was thinking when he wrote one of

20 these documents before she even got to UEP. So

21 it's that kind of thing -- or from UEP's

22 perspective.

23 MR. STUEVE: Just to be clear, I think she

24 was -- she clearly has the personal knowledge

25 to be able to respond to what was meant by

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1 that. We'll -- let's move on.

2 BY MR. STUEVE:

3 Q If you would, can you confirm for me that

4 this is a communication from Al Pope and going to

5 the UEP Board of Directors dated July 24, 2000?

6 MS. SUMNER: Objection.

7 THE WITNESS: It looks that way.

8 BY MR. STUEVE:

9 Q On the second page, if you would, it says,

10 With the retirement of Jerry Faulkner, president and

11 general manager of United States Egg Marketers,

12 USEM, effective August 31, 2000 --

13 And that's consistent with your

14 recollection, correct?

15 A Yes.

16 Q -- a request has been made by USEM to the

17 staff of UEP that UEP assume the management of USEM

18 effective September 15, 2000, knowing that it must

19 first receive UEP Board approval.

20 Did I read that correctly?

21 A Yes.

22 Q Recognizing this, the UEP staff and USEM's

23 executive committee have agreed upon the following

24 details and are now submitting them to UEP's Board

25 of Directors and the membership of USEM for final

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1 approval.

2 Did I read that correctly?

3 A You did.

4 Q Number one, UEP would structure a national

5 egg export and enhanced marketing program for all

6 members.

7 Did I read that correctly?

8 A Yes.

9 Q UEP would maintain separate accounting

10 procedures, including checking for USEM.

11 Did I read that correctly?

12 A Yes.

13 Q It says, All profits or losses from USEM

14 programs would be transferred to UEP.

15 Did I read that correctly?

16 A Yes.

17 Q The name of the United States Egg

18 Marketers would be maintained for export purposes.

19 Did I read that correctly?

20 A Yes.

21 Q UEP would seek export commitments from all

22 producers.

23 Did I read that correctly?

24 A "All" was not underscored.

25 Q Ma'am, the record is only going to read my

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1 word, so don't worry about that. The videotape is
 2 not running.
 3 A Okay.
 4 Q The word "all" is in there, though, right?
 5 A That is correct.
 6 Q Those signing an export commitment would
 7 become USEM members with no annual dues providing
 8 they are dues-paying members of UEP.
 9 Did I read that correctly?
 10 A Yes.
 11 Q And that's, in fact, what occurred,
 12 correct?
 13 MS. SUMNER: Objection.
 14 THE WITNESS: Again, this was part of the
 15 negotiations --
 16 BY MR. STUEVE:
 17 Q That's not what I'm asking you, ma'am.
 18 You're here on behalf of USEM. I'm entitled to
 19 know.
 20 You should be prepared to answer
 21 this, that those signing export commitments would
 22 become USEM members with no annual dues providing
 23 they are dues-paying members of UEP.
 24 That's, in fact, what occurred,
 25 correct?

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1 MS. SUMNER: Objection. Pat, she's
 2 already told you that she needs to see the
 3 documents to testify to that.
 4 BY MR. STUEVE:
 5 Q You can go ahead and answer the question,
 6 ma'am.
 7 A That's what it says.
 8 Q That's not my question. I'm asking you,
 9 that's, in fact, what happened after September 2000,
 10 correct?
 11 A Yes.
 12 Q And if you look down to number 6, The UEP
 13 and USEM export committees would be combined into
 14 one export committee.
 15 That's, in fact, what happened,
 16 correct?
 17 A I do not recall.
 18 Q Well, ma'am, you've already testified that
 19 you don't recall any UEP export committee after
 20 September of 2000, correct?
 21 A Say it again.
 22 Q You do not recall any UEP export committee
 23 after September of 2000, correct?
 24 A Yes.
 25 Q And you are aware of a USEM export

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1 committee that was in place until September of 2010,
 2 correct?
 3 A Correct.
 4 Q So based on that, you can confirm for me
 5 that the UEP and USEM export committees would be
 6 combined into one export committee. That, in fact,
 7 occurred, right?
 8 MS. SUMNER: Objection.
 9 THE WITNESS: U.S. Egg Marketers and UEP
 10 are completely separate.
 11 BY MR. STUEVE:
 12 Q Ma'am, if you just answer my question.
 13 MR. STUEVE: Read it back to her.
 14 - - -
 15 (Whereupon, the Reporter read
 16 back a preceding portion of the
 17 testimony as directed:
 18 "Q. So based on that, you can
 19 confirm for me that the UEP and
 20 USEM export committees would be
 21 combined into one export
 22 committee. That, in fact,
 23 occurred, right?")
 24 MS. SUMNER: Objection to form.
 25 THE WITNESS: I would say no.

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1 BY MR. STUEVE:
 2 Q Ma'am, the only export committee that
 3 you're aware of after September of 2000 was the USEM
 4 export committee, correct?
 5 A Yes, sir.
 6 Q And sitting here today, you are not aware
 7 of, after September of 2000, any other export
 8 committee that you're aware of that was sponsored by
 9 either UEP or USEM, correct?
 10 A Sponsored?
 11 Q Yeah.
 12 A Managed by UEP?
 13 Q Sponsored, managed, controlled.
 14 A Managed. U.S. Egg Marketers was separate.
 15 Again, I'm -- I am not aware of a UEP committee that
 16 became U.S. Egg Marketers, no.
 17 Q That's not my question. After
 18 September 2010 -- excuse me.
 19 After September of 2000, you're aware
 20 of one export committee, which was the USEM export
 21 committee that was in place until approximately
 22 September of 2010, correct?
 23 A Yes.
 24 Q You're not aware of any other export
 25 committee other than that export committee that was

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1 either sponsored or controlled by UEP; is that
 2 correct?
 3 A Yes.
 4 Q And you're not aware of any other export
 5 committee that was either sponsored or controlled by
 6 any entity that was affiliated with UEP, correct?
 7 A Correct.
 8 Q USEM -- number 7 -- would transfer
 9 custodial control of the USEM bank account with an
 10 amount of a hundred thousand to UEP upon execution
 11 of a management agreement ratified by the Board of
 12 Directors of both organizations.
 13 Did I read that correctly?
 14 A Yes.
 15 Q And that, in fact, occurred, correct?
 16 A It was not transferred to UEP. That is
 17 not correct.
 18 Q What was not transferred?
 19 A The hundred thousand dollars.
 20 Q It says, USEM would transfer custodial
 21 control of the USEM bank account with an amount of a
 22 hundred thousand to UEP upon execution of a
 23 management agreement ratified by the Board of
 24 Directors of both organizations.
 25 That, in fact, occurred, correct?

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1 A It was never in possession of UEP.
 2 MR. STUEVE: If you would, if you would
 3 read back the question and ask her to answer it
 4 for me, please.
 5 - - -
 6 (Whereupon, the Reporter read
 7 back a preceding portion of the
 8 testimony as directed:
 9 "Q. It says, USEM would
 10 transfer custodial control of
 11 the USEM bank account with an
 12 amount of a hundred thousand to
 13 UEP upon execution of a
 14 management agreement ratified by
 15 the Board of Directors of both
 16 organizations. That, in fact,
 17 occurred, correct?")
 18 THE WITNESS: Yes.
 19 BY MR. STUEVE:
 20 Q Number 8: UEP would be under no
 21 obligation to offer employment to any USEM employee,
 22 however, one employee will be offered employment to
 23 facilitate the export program.
 24 Did I read that correctly?
 25 A Yes.

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1 Q And that, in fact, occurred?
 2 A Yes.
 3 Q And you were the one employee that was
 4 hired by UEP to facilitate the export program,
 5 correct?
 6 A Yes.
 7 Q Now, if you would, on the next page,
 8 number 1, All except three USEM members are
 9 currently members of UEP.
 10 Did I read that correctly?
 11 A Yes.
 12 Q Is that consistent with your recollection?
 13 A I'd have to look back on the list, but to
 14 the best of my knowledge, yes.
 15 Q It says, Therefore, it can be said that
 16 UEP members are requesting that we provide
 17 management for another of their organizations.
 18 Did I read that correctly?
 19 A Yes.
 20 Q And, in fact, UEP did enter into a
 21 management agreement, correct?
 22 A Yes.
 23 Q Management would be provided in much the
 24 same way we now provide management to the UEA
 25 divisions.

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1 Did I read that correctly?
 2 A Yes.
 3 Q Three: This gives us an opportunity to
 4 expand a successful export program to all UEP
 5 members, thereby giving producers from all areas of
 6 the country the opportunity to participate in the
 7 decision-making of accepting an export and
 8 negotiation of price.
 9 Did I read that correctly?
 10 A Yes.
 11 Q And that's, in fact, what happened,
 12 correct?
 13 MS. SUMNER: Objection.
 14 THE WITNESS: Yes.
 15 BY MR. STUEVE:
 16 Q Number 4: All exports will be handled by
 17 the USEM export committee with the actual trading of
 18 eggs in the public sector for export being conducted
 19 by UEP egg traders.
 20 Did I read that correctly?
 21 A Yes.
 22 Q That's, in fact, what happened?
 23 A Yes.
 24 Q Income from an export program as well as
 25 dues from USEM members would provide additional

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1 income to UEP.

2 Did I read that correctly?

3 A Yes.

4 Q And that's what, in fact, happened,

5 correct?

6 A No.

7 Q Why do you say that?

8 A Because the income was to U.S. Egg

9 Marketers.

10 Q What is the basis of that statement,

11 ma'am?

12 A Because they're all separate, checking

13 accounts, everything. And that's how U.S. Egg

14 Marketers pays UEP for the managerial.

15 Q Are you aware of any dues that USEM has

16 collected?

17 A Off and on through the years, different

18 years.

19 Q Do you know how those dues were accounted

20 for?

21 A Usually it was by per bird.

22 Q Who determined -- so this would be a

23 member of USEM that was not a member of UEP,

24 correct?

25 MS. SUMNER: Object to form.

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1 THE WITNESS: I didn't say that.

2 BY MR. STUEVE:

3 Q UEP members did not have to pay any

4 additional dues to be a member of USEM, correct?

5 MS. SUMNER: Object to the form.

6 THE WITNESS: No. Repeat the question,

7 please. I'm sorry. I'm befuddled.

8 MR. STUEVE: If you could, read back the

9 question.

10 - - -

11 (Whereupon, the Reporter read

12 back a preceding portion of the

13 testimony as directed:

14 "Q. UEP members did not have to

15 pay any additional dues to be a

16 member of USEM, correct?")

17 MS. SUMNER: Object to the form.

18 THE WITNESS: One more time, please.

19 - - -

20 (Whereupon, the Reporter read

21 back as requested.)

22 MS. SUMNER: Object to the form.

23 BY MR. STUEVE:

24 Q You can go ahead and answer, ma'am. As

25 the CEO of USEM, can you answer that for me, please?

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1 A Again, this was before I came to UEP.

2 Q I'm talking about what happened after

3 September 2000. It says -- can you confirm for

4 me -- that after September of 2000, that a member of

5 UEP that wanted to join USEM did not have to pay any

6 additional dues to USEM?

7 MS. SUMNER: There's an objection to that

8 question. We've talked about the time frame,

9 and I think that's what is confusing the

10 witness, Pat.

11 MR. STUEVE: Again, she can answer the

12 question. That's all I'm asking her.

13 THE WITNESS: I do not know.

14 BY MR. STUEVE:

15 Q Then it says, The members of USEM

16 marketing and price discovery committees would be

17 merged into UEP's committee.

18 Did I read that correctly?

19 A Yes.

20 Q And that's, in fact, what happened,

21 correct?

22 A No. I thought they were all completely

23 separate.

24 Q This would be contrary to your

25 understanding, wouldn't it, Ms. Blizzard?

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1 A Yes, it would be.

2 Q Now, it goes on to say that USEM has

3 operated a successful central purchase program for

4 the purpose of cooperatively buying supplies for

5 their members.

6 Did I read that correctly?

7 A Yes.

8 Q This program would be transferred over to

9 UEP, with UEP being selective of what supplier

10 programs that will remain.

11 Did I read that correctly?

12 A Yes.

13 Q And that's, in fact, what occurred?

14 A No.

15 Q What happened with respect to number 8?

16 A Central purchasing was not brought over.

17 Q What happened to the central purchase

18 program?

19 A Disbanded, stopped.

20 Q You're aware of the fact that UEP buys

21 supplies for their members, correct?

22 A Mm-hmm. This was Jim Flemming.

23 Q I understand that. So USEM's central

24 purchasing program was disbanded, correct?

25 A Yes.

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1 Q But what this says is, This program will
2 be transferred over to UEP, with UEP being selective
3 of what supplier programs that will remain, correct?

4 A That's what it says.

5 Q In fact, UEP, in fact, that is one of the
6 member services that it provides to its members,
7 correct?

8 A Not to my knowledge.

9 Q You're not aware of the fact that UEP
10 purchases supplies for its members if requested?

11 MS. SUMNER: Object to the form.

12 THE WITNESS: To me, this just says that
13 USEM's central purchasing was brought over, and
14 it was not.

15 BY MR. STUEVE:

16 Q It says -- in fact, it says -- what you
17 can confirm, though, is that after September 2000,
18 that USEM no longer had a central purchase program;
19 is that fair to say?

20 A Correct.

21 Q Now, do you know what the management fee
22 was in 2012, last year, that was paid by USEM to
23 UEP?

24 A I need to see that. It was -- excuse me.
25 It was 75,000.

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1 Q And did USEM have any revenue, if you
2 will, in its operating accounts after paying that
3 management fee?

4 A There would be some left over from
5 exports, yes.

6 Q But would it be fair to say that virtually
7 all of the income generated in 2012 was used to pay
8 the management fee?

9 A I'm not sure to the penny, no, sir.

10 Q But your general understanding of the
11 financial operations of USEM as the CEO, can you
12 confirm that?

13 A No.

14 Q One way or the other; you just don't know?

15 A I do not know the balance in the
16 checkbook, no, sir.

17 Q But can you just -- on a higher level, I'm
18 not asking for the exact balance, can you confirm
19 for me, as the CEO of USEM, that virtually all of
20 the income generated during 2012 was used to pay the
21 management fee to UEP?

22 A No.

23 Q You don't know one way or the other?

24 A No. I would say it was not all used.

25 Q What percentage would you believe was used

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1 to pay the management fee?

2 A I do not know.

3 (Exhibit Blizzard 9 was marked
4 for identification.)

5 BY MR. STUEVE:

6 Q Showing you what's been marked as
7 Exhibit No. 9. This is dated August 29, 2000, this
8 document. It's from UEP to the UEP members from
9 Gene Gregory; is that correct?

10 A Yes.

11 Q And its subject, USEM Membership and
12 Export Commitment.

13 Did I read that correctly?

14 A Yes.

15 Q It says, You will find enclosed
16 information on the benefit of exports and how they
17 will be handled under UEP's management. Please take
18 the time to read all of the information.

19 Did I read that correctly?

20 A Yes.

21 Q And then if you would, if you can turn to
22 the next page, it's, Reason to -- reason to be a
23 participant in a national shell egg export program
24 and member of USEM.

25 Do you see that?

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1 A Yes.

2 Q So this is a communication under the UEP
3 letterhead that went out to all UEP members
4 soliciting their participation in USEM going
5 forward, correct?

6 MS. SUMNER: Object to form and also to
7 the fact you're asking again a question about
8 what happened at UEP during a time when she was
9 not at UEP, and she's not here to testify on
10 behalf of UEP.

11 She can answer it, if she knows.

12 THE WITNESS: I do not know.

13 BY MR. STUEVE:

14 Q Well, ma'am, can you confirm for me that I
15 read the attached document that was set out -- sent
16 out to all UEP members, reasons to be a participant
17 in a national shell egg export program and member of
18 USEM?

19 A Yes.

20 MS. SUMNER: Object to the form.

21 BY MR. STUEVE:

22 Q Would you agree with me that that -- a
23 fair characterization of that would be UEP was
24 encouraging its members to join USEM?

25 A Yes.

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1 Q And that would have been sent out to all
2 UEP members, according to the front page, including
3 UEP members that were located in the State of
4 Kansas, correct?

5 MS. SUMNER: Object to form.

6 THE WITNESS: It appears that way, yes.

7 BY MR. STUEVE:

8 Q Thank you.

9 Now, it says on the cover page here
10 that Under UEP's management of existing export --
11 excuse me.

12 Under UEP's management, all existing
13 export commitment by current USEM and UEP members
14 will be terminated effective September 15, with the
15 exception of the commitment to fill the
16 100 container order, begin fill between September 15
17 and October 15.

18 Is that consistent with your
19 recollection?

20 A Yes.

21 Q It says, It is now imperative that
22 everyone sign a new export commitment by filling out
23 the USEM membership and export commitment form
24 enclosed. We are hopeful that all UEP members,
25 including those not previously committed, will

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1 recognize the benefit of the industry having a legal
2 means by which we can collectively move eggs from
3 the domestic supply to improve domestic prices.

4 Did I read that correctly?

5 A You read that, yes.

6 Q And that was one of the benefits being
7 touted to UEP members, one of the benefits of the
8 export program, correct?

9 MS. SUMNER: Object to form.

10 THE WITNESS: That's what it says.

11 BY MR. STUEVE:

12 Q And the assumption was that if you move
13 them, these eggs, the supply of these eggs to
14 foreign markets, that that would improve, increase,
15 the prices here in the United States, correct?

16 MS. SUMNER: Objection. Calls for
17 speculation.

18 BY MR. STUEVE:

19 Q You can go ahead and answer.

20 A This is a letter from Gene Gregory. He is
21 our head cheerleader. He was trying to get people
22 to join U.S. Egg Marketers. He's not an economist.

23 Q And what he was touting -- I'm not asking
24 if he's an economist. I'm asking if what he was
25 touting is that by participating in the export

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1 program that we would be moving domestic supply
2 overseas and, therefore, increasing the domestic
3 prices for eggs sold in the United States, correct?

4 A It was an assumption.

5 Q And that's what he was touting in this
6 document, correct?

7 A I would say yes.

8 Q That's what -- and that was the principal
9 basis for him encouraging USEM membership, right?

10 MS. SUMNER: Object to form.

11 THE WITNESS: Again, he was trying to sell
12 UEP members on becoming U.S. Egg Marketers
13 members.

14 MR. STUEVE: If you would, if you can read
15 my question back, I'd ask you to answer for me,
16 please, ma'am.

17 - - -

18 (Whereupon, the Reporter read
19 back a preceding portion of the
20 testimony as directed:

21 "Q. That was the principal
22 basis for him encouraging USEM
23 membership, right?"

24 MS. SUMNER: Object to form. She can
25 answer for the time period when Mr. Gregory was

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1 president of USEM.

2 BY MR. STUEVE:

3 Q Go ahead and answer.

4 A Yes.

5 Q In fact, he ends the first -- his
6 communication with UEP members by saying, Help
7 yourself improve your egg price, correct?

8 A That's what it says.

9 Q All in bold, all capitalized, right?

10 A Yes.

11 Q Now, if you would then, looking at the
12 reasons that he attached that was sent out to all
13 UEP members to encourage their membership in USEM,
14 on the -- the first page of the reasons is page 2 of
15 Exhibit 9. Can you turn to that for me, please.

16 MS. SUMNER: I'm going to object to the
17 form to the extent that wasn't a question or
18 predecessor to the next question.

19 BY MR. STUEVE:

20 Q Can you turn to page 2.

21 A (Witness complies.)

22 Q You're on there. I wasn't sure you were
23 there.

24 Can you confirm for me that -- it's
25 Bates stamp UF5343 at the bottom there.

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1 Can you confirm for me this is the
 2 first page of reasons to be a participant in a
 3 national shell egg export program and member of
 4 USEM?
 5 A That's what it says.
 6 Q I apologize, I said -- my copy of this, I
 7 meant to say UE5343.
 8 MS. SUMNER: I think it's 65343.
 9 MR. STUEVE: Okay. My number is off, cut
 10 off. So, UE65343.
 11 BY MR. STUEVE:
 12 Q Can you confirm for me that that is the
 13 first page of reasons to be a participant in a
 14 national shell egg export program and member of
 15 USEM?
 16 A Yes.
 17 Q Now, it says, Under the management of UEP,
 18 we will strive to establish a United States Egg
 19 Marketers committed shell export program for egg
 20 producers all across the U.S.
 21 Did I read that correctly?
 22 A Yes.
 23 Q As an export opportunity presents itself,
 24 all USEM members would be advised of this
 25 opportunity in advance of the export committee and

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1 USEM Board's final approval to accepting the order.
 2 Did I read that correctly?
 3 A Yes.
 4 Q The success of any program is the
 5 involvement of the industry and, therefore, we call
 6 upon every egg producer to become involved.
 7 Did I read that correctly?
 8 A Yes.
 9 Q Then he states, and he underlines this,
 10 The primary reason to be a supporter of the export
 11 effort is to help improve your egg price and thereby
 12 create a greater return to your business.
 13 Did I read that correctly?
 14 A Yes.
 15 Q He's communicating this to the UEP
 16 members, according to the front page, correct?
 17 A Yes.
 18 Q And so if, in fact, the export would
 19 increase the egg price, that would benefit all UEP
 20 members, correct?
 21 A Yes.
 22 Q Now, do you know who were UEP members,
 23 what companies that had either facilities or their
 24 headquarters in Kansas were UEP members in the year
 25 2000?

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1 MS. SUMNER: Objection.
 2 BY MR. STUEVE:
 3 Q Do you know?
 4 A Based in Kansas? Excuse me.
 5 Q Yes.
 6 A After September 2000, it was Nelson
 7 Poultry in Manhattan, Kansas.
 8 (Exhibit Blizzard 10 was marked
 9 for identification.)
 10 BY MR. STUEVE:
 11 Q I'll show you what's been marked as
 12 Exhibit 10.
 13 A And Cal-Maine in Chase.
 14 Q So looking at this document that was
 15 produced to us by United Egg Producers, it's
 16 UE0205188, are you familiar with -- it has Nelson
 17 Poultry Farm, correct?
 18 A Mm-hmm.
 19 Q And its identified location is Manhattan,
 20 Kansas, correct?
 21 A Yes.
 22 Q And can you confirm for me they would have
 23 been a member of UEP in 2000?
 24 MS. SUMNER: Objection. Again, she can
 25 answer if she knows, but she's not here as a

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1 UEP representative.
 2 THE WITNESS: No, I do not know.
 3 BY MR. STUEVE:
 4 Q Do you know whether Parmely Poultry Farm
 5 was a member of UEP in 2000?
 6 A I have no idea.
 7 Q What about Wetta Egg Farm?
 8 A No idea.
 9 Q And then what about Cal-Maine, would they
 10 have been a UEP member in 2000?
 11 A September of 2000?
 12 Q Mm-hmm.
 13 A After September they were U.S. Egg
 14 Marketers.
 15 Q Were they also a member of UEP?
 16 A To the best of my knowledge, yes.
 17 Q Are you familiar with Wetta Egg Farm?
 18 A No, sir.
 19 Q Are you familiar with Parmely Poultry
 20 Farm?
 21 A No, sir.
 22 Q Are you familiar with Cal-Maine Foods, the
 23 Buhler, Kansas, facility?
 24 A Yes.
 25 Q What is your knowledge about that, ma'am?

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1 A They're a division of Cal-Maine in Kansas.

2 Q Do you know whether Parmely Poultry Farm

3 was a member of USEM at any time?

4 A It was not.

5 Q What about Wetta Egg Farm?

6 A No, sir.

7 Q If you would, I'm not going to read all of

8 the bullet points under "Facts About Shell Egg

9 Exports" that's on UE65343.

10 Do you see that?

11 A Yes, sir.

12 Q On the next page, it has Benefits of

13 export order and why everyone should participate;

14 and then underneath that it says, Why should you be

15 an export participating members of USEM?

16 Did I read that correctly?

17 A Yes.

18 Q And then the sole reason identified is,

19 The intent of taking a large-volume export order for

20 a short period of delivery is to reduce the domestic

21 supply and thereby increase the domestic price of

22 eggs.

23 Did I read that correctly?

24 A Yes.

25 Q And if, in fact, there was an increase in

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1 the price of domestic eggs, that would benefit all

2 of the UEP members, correct?

3 A Yes, as the question was stated.

4 Q Now, if you could, continuing on in this

5 document, the next page is, How would an export

6 order be conducted under UEP's management of USEM?

7 Do you see that page?

8 A Yeah.

9 Q Then the next page is, United States Egg

10 Marketers, USEM, membership agreement and export

11 commitment.

12 Now, as the CEO of USEM, are you

13 familiar with the membership agreement?

14 A Yes.

15 Q Under paragraph 2, section 2 here, it

16 says, United Egg Producers has currently entered

17 into a management agreement with USEM.

18 Did I read that correctly?

19 A Yes.

20 Q And that, in fact, occurred sometime in

21 September of 2000, right?

22 A Yes.

23 Q UEP members may become USEM members by

24 committing to the following export program without

25 the payment of additional membership fees.

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1 Did I read that correctly?

2 A Yes.

3 MS. SUMNER: I'm sorry. I'm not following

4 where you are.

5 MR. STUEVE: I am on UE65346.

6 MS. SUMNER: Thank you.

7 MR. STUEVE: It's under paragraph 2.

8 MS. SUMNER: Paragraph 2, okay.

9 BY MR. STUEVE:

10 Q That's, in fact, what happened, correct?

11 MS. SUMNER: Object to form.

12 THE WITNESS: Yes.

13 BY MR. STUEVE:

14 Q Non-UEP applicants may become USEM members

15 by committing to the following export program and

16 upon payment of dues equal to the dues scheduled of

17 UEP.

18 Did I read that correctly?

19 A Yes.

20 Q And that's, in fact, what happened?

21 MS. SUMNER: Object to form.

22 BY MR. STUEVE:

23 Q Correct?

24 A It's in print.

25 Q Now, were you aware of any non-UEP member

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1 of USEM, after September of 2000, that paid dues

2 equal to the schedule of UEP?

3 A No.

4 Q So if all members, as far as you know, of

5 USEM had to pay no additional dues because they were

6 members of UEP, since September of 2000, there's

7 been no due revenue generated by USEM, correct?

8 MS. SUMNER: Can you read back the

9 question, I'm sorry.

10 - - -

11 (Whereupon, the Reporter read

12 back a preceding portion of the

13 testimony as directed:

14 "Q. So if all members, as far

15 as you know, of USEM had to pay

16 no additional dues because they

17 were members of UEP, since

18 September of 2000, there's been

19 no due revenue generated by

20 USEM, correct?")

21 MS. SUMNER: I am going to object to the

22 form.

23 THE WITNESS: One more time, please.

24 MR. STUEVE: Read it back to her, please.

25 - - -

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1 (Whereupon, the Reporter read
2 back as requested.)

3 THE WITNESS: It's not a yes-or-no answer.
4 It changed each year. And I have to look back
5 on the records to see when it changed.

6 BY MR. STUEVE:
7 Q I'm just asking you, sitting here today,
8 are you aware of any due revenue that was paid by a
9 member of USEM in addition to their UEP dues?

10 A Yes.
11 Q Can you name that entity?
12 A Entity?
13 Q Yeah.
14 A Describe "entity."
15 Q Name the company that you believe paid
16 dues to USEM on top of the dues they had already
17 paid to UEP.
18 MS. SUMNER: Object to the form.
19 THE WITNESS: They paid dues in different
20 years, all of them.
21 BY MR. STUEVE:
22 Q I'm asking you, if you would, to identify
23 any USEM member that paid dues in addition to the
24 UEP dues that they paid since September of 2000.
25 A I don't -- I don't -- they all paid dues.

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1 Q That's not my question, ma'am. I'm going
2 to give you one more chance and then I'm going to
3 move on.

4 MR. STUEVE: Read it back to her.
5 - - -
6 (Whereupon, the Reporter read
7 back a preceding portion of the
8 testimony as directed:
9 "Q. I'm asking you, if you
10 would, to identify any USEM
11 member that paid dues in
12 addition to the UEP dues that
13 they paid since September of
14 2000.")
15 THE WITNESS: Country Charm.
16 BY MR. STUEVE:
17 Q And what -- do you know what year they
18 paid dues to USEM that were in addition to the UEP
19 dues?
20 A I would have to look back on the years to
21 see exactly the years that they paid dues. They
22 paid dues additionally to then UEP -- other than
23 UEP, excuse me.
24 Q Do you know how those dues were assessed;
25 what was the formula?

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1 A Per bird.
2 Q And were all USEM members required to pay
3 dues per bird on top of their UEP dues?
4 A Yes.
5 Q Who was responsible for implementing that
6 and assessing those dues?
7 A The Board voted on it, and it was
8 implemented by U.S. Egg Marketers that they would
9 pay.
10 Q When was that implemented?
11 A I don't know the specific year. I know in
12 2010 when they signed the membership agreement.
13 Q So from September of 2000 all the way up
14 through 2009, can you confirm for me that no member
15 of USEM paid dues in addition to their UEP dues that
16 they had paid to USEM?
17 MS. SUMNER: Objection. I think you
18 meant -- can you read back the question? I
19 think you just mixed up...
20 - - -
21 (Whereupon, the Reporter read
22 back a preceding portion of the
23 testimony as directed:
24 "Q. So from September of 2000
25 all the way up through 2009, can

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1 you confirm for me that no
2 member of USEM paid dues in
3 addition to their UEP dues that
4 they had paid to USEM?"
5 MR. STUEVE: Let me rephrase that.
6 BY MR. STUEVE:
7 Q Can you confirm for me, from September of
8 2000 through 2009, that no member of USEM paid any
9 additional dues to USEM other than their UEP dues
10 that they paid to UEP?
11 A No.
12 Q You're not aware of any; is that correct?
13 MS. SUMNER: Object to the form.
14 THE WITNESS: They paid dues off and on by
15 years. I do not know what years they paid
16 dues.
17 BY MR. STUEVE:
18 Q Did you check the records in preparation
19 for your deposition today?
20 A I did.
21 Q Were there agreements that outlined what
22 those dues were?
23 A Yes.
24 Q And was it contained in their membership
25 agreement?

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1 A Yes.

2 Q Can you confirm for me any -- can you

3 confirm for me that there were years in which USEM

4 members did not have to pay any additional dues

5 other than those that they had paid to UEP for the

6 UEP membership?

7 A Yes.

8 Q How many of those years did that occur,

9 roughly, from September of 2000 up to the present?

10 A I'm not sure.

11 Q Can you confirm that there were several

12 years in which USEM members paid no additional dues

13 to USEM because they had paid their UEP dues?

14 MS. SUMNER: Object to form.

15 THE WITNESS: No.

16 BY MR. STUEVE:

17 Q So is it your testimony that nearly all of

18 the years in which USEM's been -- since 2000,

19 September of 2000, that the USEM members have paid

20 dues on top of their UEP dues?

21 A Yes, there were years that they paid dues

22 on top of UEP dues.

23 Q And was that spelled out in their

24 membership agreement, or was that imposed after the

25 fact?

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1 A Management agreement.

2 Q Would the financial records of USEM

3 indicate what years they got dues and in what

4 amount?

5 A I would -- I feel certain, yes.

6 Q Where would you look for that in the

7 financial records of USEM?

8 A I would have to consult Linda or Sherry.

9 Q But sitting here today, you wouldn't know

10 where to look?

11 A No, sir.

12 Q Is that correct?

13 A That's correct.

14 Q You're talking about Linda Reickard and

15 Sherry Shedd?

16 A Sherry Shedd, yes, sir.

17 Q You would agree with me, though, that the

18 membership agreement that was sent to UEP members

19 just prior to September of 2000, there was no

20 requirement to pay any additional dues to USEM for

21 those members that had already paid UEP dues,

22 correct?

23 MS. SUMNER: Object to the form.

24 THE WITNESS: Sorry. I don't know how to

25 answer it because this was before.

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1 BY MR. STUEVE:

2 Q But you understand -- just answer my

3 question, though. You can confirm that the

4 membership agreement sent out by Mr. Gregory and

5 Mr. Pope in August of 2000, that membership

6 agreement explicitly states that UEP members may

7 become USEM members by committing to the following

8 export program without the payment of additional

9 membership fees, correct?

10 MS. SUMNER: Object to the form.

11 THE WITNESS: It states that in writing.

12 (Exhibit Blizzard 11 was marked

13 for identification.)

14 BY MR. STUEVE:

15 Q I'll show you what's been marked as

16 Exhibit No. 11. This is a document entitled "United

17 States Egg Marketers, Inc., Joint Resolutions

18 Adopted at the Special Meeting of the Board of

19 Directors and the Members, September 8, 2000,

20 10:00 a.m."

21 Did I read that correctly?

22 A Yes.

23 Q Were you at that meeting?

24 A No.

25 Q Can you confirm for me that on the -- it's

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1 actually UE -- the next page, UE200093, do you see

2 that?

3 A Yes.

4 Q -- that one of the members of USEM is

5 identified as Hillandale Farms, Inc., and there's an

6 Orland Bethel?

7 A Yes.

8 Q Who is Orland Bethel?

9 A To the best of my knowledge, he's the

10 owner of Hillandale Farms.

11 Q Do you know where he's located?

12 A He's either in Pennsylvania or Florida.

13 Q Who has been your contact person over the

14 years with respect to the export program at

15 Hillandale Farms?

16 MS. SUMNER: Object to form.

17 THE WITNESS: He wasn't a USEM member.

18 BY MR. STUEVE:

19 Q I'm talking about when you were --

20 Hillandale Farm has participated, on occasion, in

21 the export program, correct?

22 MS. SUMNER: Object to form.

23 THE WITNESS: I would say as a

24 contributor, not a member.

25 BY MR. STUEVE:

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1 Q I understand that. So not as a member of
 2 USEM, but they, on occasion, did participate in a
 3 USEM-sponsored export program, correct?
 4 A As a UEP member, we bought eggs from them.
 5 Q Right. And who would be your contact
 6 person at Hillandale?
 7 A Orland Bethel or Gary Bethel.
 8 Q Anyone else?
 9 A If I'm dealing with the main office, no,
 10 sir.
 11 Q And where do you believe their main office
 12 is located?
 13 A I think it's Versailles, Pennsylvania.
 14 Q And has that been the case since
 15 September 2000, as far as you know?
 16 A What's that?
 17 Q That Hillandale Farms' main office has
 18 been in Versailles?
 19 A To the best of my knowledge, yes, sir.
 20 Q During that time period, has your
 21 principal contact either been Orland Bethel or Gary
 22 Bethel?
 23 A Yes, sir.
 24 Q Just so I'm clear here, this is a
 25 resolution of the Board of Directors and members of

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1 United States Egg Marketers; that's what's
 2 identified on page 1, correct?
 3 A Yes.
 4 Q And then, so it says, Now, therefore, be
 5 it resolved that the Board and members confirm that
 6 the Board consists of the following members.
 7 So it identifies one of the Board
 8 members of USEM as Hillandale Farms, does it not?
 9 A It does.
 10 Q But even though they were a Board member,
 11 they were not a member of USEM; is that correct?
 12 A To the best of my knowledge, he was not.
 13 Q But do you believe they were a member of
 14 the Board?
 15 A His name is listed there.
 16 Q And can you confirm for me that the other
 17 folks on here, to the best of your knowledge, were
 18 Board members of USEM?
 19 A To the best of my knowledge.
 20 Q And then it goes on to say, The executive
 21 committee of Larry Seger, Dolph Baker, Ken Looper,
 22 Bob Pike, Al Wenger, and Joe Fortin.
 23 A Yes, sir.
 24 Q Was that your understanding, that they
 25 were the members of the executive committee for

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1 USEM?
 2 A Yes.
 3 Q And then the export committee, Jerry Kil,
 4 Jim Biggers, Dolph Baker, David Lappin, Danny
 5 Linville, Bob Pike, and Larry Seger, were those the
 6 members of the export committee for USEM?
 7 A That's what it says, yes, sir.
 8 Q Is that the best of your recollection?
 9 A To the best of my knowledge.
 10 Q Then if you could, over to Exhibit A,
 11 there is a UEP/USEM Management Agreement?
 12 A Yes.
 13 Q Now, if you would, can you confirm that
 14 this is signed on behalf of USEM by Jerry Faulkner?
 15 A Yes.
 16 Q And it looks like a signature of Mr. Pope
 17 for United Egg Producers; is that right?
 18 A Yes.
 19 Q And then action of the Board of Directors
 20 of U.S. Egg Marketers, Inc., it's over on the next
 21 page, can you tell whose signature that is?
 22 A No, sir.
 23 Q Nor can I.
 24 If you would, in paragraph 3 of the
 25 executed agreement on -- do you see there in

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1 paragraph 3 under the agreement -- it's on the first
 2 page, ma'am, on Exhibit A.
 3 A Okay.
 4 Q Of Exhibit A --
 5 A Yes.
 6 Q -- of Exhibit 11.
 7 So this is Exhibit A of Exhibit 11,
 8 paragraph 3. It says in the second sentence, On the
 9 effective date, USEM will transfer to UEP full
 10 custodial control of the bank account.
 11 Did I read that correctly? Second
 12 sentence there, ma'am, under section 3.
 13 A USEM represents and warrants that as of --
 14 that sentence?
 15 Q No, ma'am. On the -- are you under the
 16 Agreement section, paragraph 3, it says, Payment for
 17 Services?
 18 A Yes.
 19 Q You have the first sentence that has the
 20 handwritten-in date and the bank.
 21 A Yes.
 22 Q The sentence immediately following. It
 23 says, On the effective date, USEM will transfer to
 24 UEP full custodial control of the bank account.
 25 A Sorry. I was on the second sentence, not

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1 the third. Yes, I see that.

2 Q Did I read that correctly?

3 A Yes.

4 Q Then if you would, under 9, under

5 "Independence of Parties," it says, in the third

6 sentence, UEP's sole function shall be to provide

7 management services for USEM. UEP shall not

8 participate in or have any responsibility for USEM

9 activities or decisions in connection with its shell

10 egg export or marketing conference call programs.

11 Did I read that correctly?

12 A Yes.

13 Q And, in fact, you testified earlier that

14 Mr. Gregory, in fact, participated in decisions

15 whether or not USEM should place -- participate in

16 an export order up through September of 2010,

17 correct?

18 A He only talked to the Board. The Board

19 made the determining factor.

20 Q Ma'am, if you would --

21 MR. STUEVE: Would you read my question

22 back.

23 BY MR. STUEVE:

24 Q -- just answer it for me.

25 -- --

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1 (Whereupon, the Reporter read

2 back a preceding portion of the

3 testimony as directed:

4 "Q. And, in fact, you testified

5 earlier that Mr. Gregory, in

6 fact, participated in decisions

7 whether or not USEM should

8 place -- participate in an

9 export order up through

10 September of 2010, correct?")

11 THE WITNESS: Yes, I did.

12 BY MR. STUEVE:

13 Q Now, has this management agreement been

14 modified since it was entered into in 2000?

15 A They have a newer one, yes.

16 Q And when was that entered into?

17 A I think that was at the same time that the

18 other one went out, the 2010 -- 2009/2010.

19 Q There was a new management agreement

20 entered into; is that correct?

21 A Yes.

22 Q Were you involved at all in the

23 negotiations of that?

24 A No.

25 Q Have you spoken with anyone in preparation

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1 for your deposition today concerning the negotiation

2 of that new management agreement?

3 A No.

4 Q Who on behalf of USEM negotiated that

5 agreement?

6 A On behalf of -- I would say the Board and

7 counsel.

8 Q There were no employees of USEM at that

9 time, correct?

10 A I was not involved.

11 Q But, ma'am, in 2009/2010 when this new

12 USEM agreement was -- management agreement was

13 entered into with UEP, there were no employees of

14 USEM, correct?

15 A Right. It was Gene Gregory with UEP.

16 Q He was the one that was negotiating on

17 behalf of USEM; is that fair to say?

18 A I would say yes.

19 MS. SUMNER: Pat, when you get to a good

20 point, can we take a break for lunch.

21 MR. STUEVE: This is fine.

22 (Lunch recess.)

23 MR. STUEVE: We're back on the record.

24 BY MR. STUEVE:

25 Q Good afternoon, Ms. Blizzard.

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1 A Good afternoon.

2 Q We are back on the record here. You

3 understand you're still under oath?

4 A Yes.

5 Q If you could, we're looking at Exhibit 11,

6 and specifically Exhibit A, which is the executed

7 management agreement between USEM and UEP.

8 Do you remember that?

9 A Yes.

10 Q You indicated at some point, either 2008

11 or 2009 time period, this was changed; is that

12 right? There was a new agreement?

13 A I was incorrect in stating that. I

14 thought you meant a membership agreement, not a

15 management agreement.

16 Q The management agreement has not been

17 changed?

18 A To the best of my knowledge, it's the

19 same.

20 Q But the membership agreement has changed?

21 A Yes.

22 Q When did that occur?

23 A The new one was sent out in 2010.

24 Q Prior to that time, was it the same

25 membership agreement that we've looked at?

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1 A To the best of my knowledge, yes.

2 Q And who on behalf of USEM authorized the

3 change to the membership agreement in 2010?

4 A The Board.

5 Q At whose recommendation, though?

6 A The Board's recommendation. I think at

7 the time it was Larry Seger.

8 Q Who at USEM recommended it?

9 A As president, I guess it would be Gene

10 Gregory.

11 Q He would have been the president of UEP at

12 the time, in 2010?

13 A Yes.

14 Q Now, was there a lawyer involved in

15 modifying the agreement?

16 A Yes.

17 Q And who would that have been?

18 A Randon Wilson is his name.

19 Q Is he affiliated with a firm?

20 A Yes. I don't know the name of his firm.

21 Q Is he with Mr. Isaacson's firm?

22 A No.

23 Q It's a different firm?

24 A Yes.

25 Q Did you work with him on the agreement?

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1 A No.

2 Q He worked with it, worked with who?

3 A Gene Gregory.

4 Q Were there any other lawyers other than

5 the -- I'm sorry, his name again is?

6 A Randon Wilson.

7 Q Randon Wilson. Any other lawyers

8 involved?

9 A Not that I know of.

10 Q And he would have worked with Mr. Gregory

11 who, in 2010, would have been the president of UEP;

12 is that correct?

13 MS. SUMNER: Object to form.

14 BY MR. STUEVE:

15 Q Is that correct?

16 A State it again, please.

17 MR. STUEVE: I don't understand, and I've

18 been very patient on this, I'm going to note it

19 for the record, that you continue to object to

20 the form when it is improper, and so I'm going

21 to put on the record again -- for the first

22 time, I've allowed you to do it this morning.

23 But that is an improper objection.

24 So if you could go ahead and read it back

25 to her.

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1 BY MR. STUEVE:

2 Q If you do not understand my question, you

3 know to ask to rephrase it, right, Ms. Blizzard?

4 A Yes.

5 MS. SUMNER: And I disagree with you, Pat.

6 I think every objection has been proper, and

7 the questions are objectionable as to their

8 form. I'm obligated to put it on the record to

9 preserve the objection and give you an

10 opportunity to correct the question.

11 MR. STUEVE: Fine. Fair enough. We've

12 both voiced our position. If you could, read

13 it back.

14 - - -

15 (Whereupon, the Reporter read

16 back a preceding portion of the

17 testimony as directed:

18 "Q. And he would have worked

19 with Mr. Gregory who, in 2010,

20 would have been the president of

21 UEP; is that correct?")

22 THE WITNESS: Gene was the president of

23 UEP in 2010, yes.

24 BY MR. STUEVE:

25 Q Thank you.

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1 Now, in this management agreement

2 under section 5, if you could go to that, it

3 explicitly states, if you look down about four

4 statements, USEM members shall not be required to

5 pay annual dues, providing they are dues-paying

6 members of UEP.

7 Did I read that correctly?

8 A You read that correctly.

9 Q Was that provision changed after September

10 of 2010?

11 A There are times when they pay dues and

12 there are times when they do not pay dues.

13 Q You would agree with me, though, that the

14 management agreement, that you believe now was never

15 changed, explicitly provides that USEM members shall

16 not be required to pay annual dues, providing they

17 are dues-paying members of UEP, correct?

18 A Again, at some times they do not have to

19 pay dues.

20 Q If you could, if you could just answer my

21 question.

22 - - -

23 (Whereupon, the Reporter read

24 back a preceding portion of the

25 testimony as directed:

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1 "Q. You would agree with me,
2 though, that the management
3 agreement that you believe now
4 was never changed explicitly
5 provides that USEM members shall
6 not be required to pay annual
7 dues providing they are dues
8 paying members of UEP,
9 correct?")

10 THE WITNESS: No, that's not correct.

11 BY MR. STUEVE:

12 Q Where in the management agreement does it
13 say something different than that?

14 A It doesn't.

15 Q So if you would, answer my question.

16 Can you confirm for me that the
17 management agreement that has been in place since
18 September of 2000 up to the present explicitly
19 provides that USEM members shall not be required to
20 pay annual dues providing they are dues paying
21 members of UEP?

22 A That is what it says.

23 Q Now --

24 (Exhibit Blizzard 12 was marked
25 for identification.)

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1 BY MR. STUEVE:
2 Q I'll show you what's been marked as
3 Exhibit 12 and ask if you can identify that for me,
4 please. Have you seen this document before?

5 A Yes. It looks like an early-on document.

6 Q And who would have sent this document out?

7 MS. SUMNER: Object to the form.

8 THE WITNESS: Looks like it was something
9 put in a United Voices or -- folder for a
10 meeting, because it doesn't have a date or
11 anything.

12 BY MR. STUEVE:

13 Q And if it was provided in United Voices,
14 that would have been sent out to all UEP and USEM
15 members, correct?

16 A That would be my understanding, yes.

17 Q Now, it identifies Nelson Poultry Farm,
18 correct, in the second column, as members having
19 signed an export commitment?

20 A Yes, it does.

21 Q Do you know what time frame this would
22 have been?

23 A They joined at the end of 2000 and were in
24 for a very short period, maybe a year, a little
25 more.

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1 MR. STUEVE: Move to strike the answer as
2 nonresponsive, and ask the question again and
3 ask you to answer it for me, please.

4 - - -

5 (Whereupon, the Reporter read
6 back a preceding portion of the
7 testimony as directed:

8 "Q. Do you know what time frame
9 this would have been?")

10 THE WITNESS: Isn't that what I said?

11 BY MR. STUEVE:

12 Q What time frame, ma'am? Was it in 2000,
13 2001; do you know?

14 A They were members, to the best of my
15 knowledge, from the end of 2000 to early on -- I'm
16 not sure exact date of 2002.

17 Q So sometime from 2000, late 2000 up
18 through early 2002, you believe this document would
19 have been sent out; is that your recollection?

20 A That's to the best of my knowledge.

21 (Exhibit Blizzard 13 was marked
22 for identification.)

23 BY MR. STUEVE:

24 Q Let me show you what's been marked as
25 Exhibit 13. Can you identify this document for the

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1 record, please?

2 A It says Case Volume for Exports.

3 Q Who would have prepared this document?

4 A Linda Reickard.

5 Q Of UEP?

6 A That is correct.

7 Q And the purpose of this record is what?

8 A To show the amount of layers and the
9 percentage towards an export.

10 Q And the export was 100 containers; is that
11 right?

12 A Yes.

13 Q Would this have been in the latter part of
14 2000, best of your recollection?

15 A It does not have a date on it.

16 Q Can you confirm for me, though, on the
17 second page of this that Nelson Poultry Company is
18 listed?

19 A Yes.

20 Q So it would have been sometime in that
21 time frame from 2000 through 2002; is that correct?

22 A Late 2000 to early 2002, yes.

23 Q Sometime in that time frame?

24 A Yes.

25 Q Now, it lists Cal-Maine Foods. And it has

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1 cases committed based upon a hundred containers.
 2 So is that 13,838 cases? Is that
 3 correct?
 4 A Yes.
 5 Q So they're committing from their own
 6 production to include that in the export order; is
 7 that correct?
 8 A Yes.
 9 Q Do you know from what facilities they
 10 would have filled the 13,838 cases?
 11 A I would have to look at the records to see
 12 which -- where they came from.
 13 Q Do you have records of that?
 14 A Yes.
 15 Q What records would those be?
 16 A It would be my export documents.
 17 Q What would you look for in your export
 18 documents to indicate where Cal-Maine Foods filled
 19 this 13,838-case requirement?
 20 A I would look on the USDA certificate. Up
 21 in the left-hand corner, there's an applicant name,
 22 I would look for that, and I would look for a
 23 certificate of origin, which would have the county
 24 and the state the eggs were produced in.
 25 Q Thank you.

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1 Now, let's look at Hillandale Farms.
 2 Do you see that?
 3 A I do.
 4 Q They are listed as a member, and their
 5 allocation is 3,890 cases; is that correct?
 6 A Yes.
 7 Q And would you have been the one that would
 8 have been in contact with Hillandale Farms, most
 9 likely, on this?
 10 A Yes.
 11 Q And so would that have been the two -- you
 12 would have contacted the two gentlemen that you've
 13 identified earlier?
 14 A If this is in the time frame that we're
 15 discussing with Nelson, this may have been
 16 Hillandale Farms of Florida.
 17 Q That's not my question, ma'am.
 18 MR. STUEVE: Read back the question.
 19 THE WITNESS: No, the answer wouldn't be
 20 no. I would not contact Orland or Gary. That
 21 was the question.
 22 MR. STUEVE: Go ahead. Read it.
 23 - - -
 24 (Whereupon, the Reporter read
 25 back a preceding portion of the

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1 testimony as directed:
 2 "Q. And so would that have been
 3 the two -- you would have
 4 contacted the two gentlemen that
 5 you've identified earlier?")
 6 THE WITNESS: No.
 7 BY MR. STUEVE:
 8 Q So, ma'am, are you changing your testimony
 9 that you gave earlier today?
 10 A What is that?
 11 Q You don't remember your testimony earlier
 12 today about who you contacted from Hillandale Farms?
 13 A That's Hillandale of Pennsylvania. This
 14 is Hillandale of Florida. There's --
 15 Q Ma'am, do you understand I made no
 16 distinction? I asked you a question about
 17 Hillandale. Do you remember that?
 18 A I thought you said Pennsylvania.
 19 Q Ma'am, what I'm asking you is, do you
 20 recall my questions to you this morning about
 21 Hillandale Farms?
 22 A The document we were talking about had
 23 Orland Bethel on there, Hillandale Farms. Orland
 24 Bethel was the person that you would contact at
 25 Hillandale of Pennsylvania. Hillandale Farms was a

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1 separate USEM member in these early years. They now
 2 are with Cal-Maine.
 3 So it's --
 4 Q Ma'am, I just want to make sure you're not
 5 changing your testimony from earlier today; is that
 6 correct?
 7 A Correct. Because we were talking about
 8 Orland Bethel.
 9 Q Now, do you know, this does not say
 10 Hillandale Farms of Florida, does it?
 11 A It does not.
 12 Q Nor does it make a distinction with
 13 Pennsylvania either, correct?
 14 A Correct.
 15 Q So who would you have contacted for
 16 Hillandale Farms identified on this document?
 17 A In Florida, I would have -- 2000, I'm not
 18 sure who it was. Daryl Sergeant.
 19 Q Ma'am, how do you know it wasn't
 20 Pennsylvania that you contacted?
 21 A Because Hillandale of Pennsylvania was not
 22 a member.
 23 Q Do you know how the 5,173 number was
 24 derived as far as number of layers?
 25 A The 5 million --

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1 Q 5 million, excuse me, 173,000, the number
2 of layers?
3 A How it was derived?
4 Q Mm-hmm.
5 A Linda Reickard would know that. That's
6 her document.
7 Q Do you know whether those are the
8 layers -- do you know what facilities those layers
9 were located at Hillandale?
10 A It would be Hillandale of Florida.
11 MS. SUMNER: Could we take a quick break
12 to figure out what's going on with the phone.
13 (Phone interruption.)
14 MR. STUEVE: Just for the record, this is
15 why I don't want to do this in the future. I'd
16 like the record to reflect we've had to
17 disconnect and now reconnect and have everybody
18 join.
19 (Exhibit Blizzard 14 was marked
20 for identification.)
21 BY MR. STUEVE:
22 Q Let me show you -- keep that out in front
23 of you, ma'am, I'm going to show you Exhibit 14. If
24 you could, first, can you tell me what a plant list
25 is?

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1 A It's just for my communications so I'll
2 have their phone numbers and contact information.
3 Q And this is United States Egg Marketers,
4 Inc., and this would be for members of USEM; is that
5 correct?
6 A Yes, in 1999.
7 Q And if you would, if you could turn to --
8 first of all, on page 2, there is Cal-Maine of
9 Kansas there. Do you see that, of Chase, Kansas?
10 A Yes.
11 Q And also, there's the Buhler, Kansas
12 facility; is that correct?
13 A Yes.
14 Q And those were facilities under the member
15 name Cal-Maine Foods, Inc.; is that correct?
16 A Yes.
17 Q And do you know if those facilities are
18 still in place today?
19 A I think Buhler is closed.
20 Q Do you know when Buhler was closed?
21 A No, I do not.
22 Q If you could, turn to -- it would be page
23 6 --
24 MR. STUEVE: Hold on. I'm going to go on
25 the record again. We are -- the deposition now

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1 has been interrupted for several minutes.
2 We've got a beeping noise on the Polycom while
3 I'm asking questions. It continues. We tried
4 to disconnect everyone and started back over
5 again, and it is continuing to beep.
6 And this is exactly why, while we agreed
7 to try it for this first deposition in the
8 case, that we object to this process on a
9 going-forward basis.
10 I don't know what you guys want to do at
11 this point.
12 MS. SUMNER: Can we take a ten-minute
13 break and get an alternative dialing number and
14 try that.
15 MR. STUEVE: Okay. Off the record.
16 (Brief recess.)
17 BY MR. STUEVE:
18 Q So we had -- back on the record,
19 Ms. Blizzard, and we've got Exhibit 14 in front of
20 you. If you could turn -- Exhibit 14.
21 A You're right. I was looking at the wrong
22 one.
23 Q If you could turn to page 6, there's a
24 listing of Hillandale Farms.
25 A Yes.

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1 Q And that, is that -- then there's Iowa and
2 Ohio and Pennsylvania. Are those affiliated with
3 the North Versailles, Pennsylvania Hillandale Farms?
4 A Yes.
5 Q And it has Orland Bethel and Gary Bethel,
6 correct?
7 A Yes.
8 Q So they would have been members of USEM in
9 '99; is that correct?
10 A That's what it looks like.
11 Q Were they members in 2000?
12 A No.
13 Q When did they drop out?
14 A It was right at 2000 -- excuse me.
15 September 2000.
16 Q Why did they drop out in September of
17 2000?
18 A I do not know.
19 Q Would that have included the New Hampton,
20 Iowa; the Flushing, Ohio; the Ridgeway,
21 Pennsylvania; and Corey, Pennsylvania, and Spring
22 Grove facilities?
23 A To the best of my knowledge, yes.
24 Q And then on the next page, there's
25 Hillandale Farms, Inc., but these are Florida, is

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1 that correct, facilities?

2 A Yes.

3 Q And were they members?

4 A Yes.

5 Q In '99?

6 A Yes.

7 Q Were they members in 2000?

8 A Yes.

9 Q And are they members today?

10 A They were under Cal-Maine now.

11 Q Under Cal-Maine?

12 A Yes.

13 Q Do you know when they went under

14 Cal-Maine?

15 A No, not exactly.

16 Q Roughly?

17 A No.

18 Q And then the next page, 8, is Moark

19 Productions?

20 A Yes.

21 Q And they were members in '99; is that

22 correct?

23 A According to the list, yes.

24 Q And that includes their Neosho, Missouri,

25 and Anderson, Missouri, facilities; is that correct?

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1 A In '99?

2 Q Yes.

3 A Yes.

4 Q And are all of their facilities included

5 in Moark Productions, Inc., as far as you know, as

6 far as members of USEM, up through to today?

7 MS. SUMNER: Can you read back the

8 question.

9 - - -

10 (Whereupon, the Reporter read

11 back a preceding portion of the

12 testimony as directed:

13 "Q. And are all of their

14 facilities included in Moark

15 Productions, Inc., as far as you

16 know, as far as members of USEM,

17 up through to today?")

18 MS. SUMNER: I am going to object to the

19 form.

20 BY MR. STUEVE:

21 Q Did you understand my question?

22 A I did.

23 I do not know.

24 Q You don't know.

25 What would you look at to determine

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1 that, what document, if you wanted to know in '02,

2 '03, '04, '05, up to today which Moark Production

3 Inc.'s facility, if any, were not a part of USEM?

4 MS. SUMNER: Object to form.

5 BY MR. STUEVE:

6 Q Go ahead and answer.

7 A I was going to say, I would have to go

8 back to Linda Reickard.

9 Q What would she look at to determine that?

10 A I have no idea. Her number of layer form.

11 Q Now, if you would, on page 9, Wabash

12 Valley Produce, Inc., is that Larry Seger's company?

13 A That's Larry Seger, yes.

14 Q And have they been a member since, as far

15 as you know, since 2000?

16 A According to this, they were a member in

17 '99, according to the list.

18 Q My question is, though, do you know if

19 they've been a member of USEM since September 2000

20 up through today?

21 A Yes.

22 Q Now, is UEP paying for your representation

23 here today, the attorneys' fees?

24 A I'm sorry to tell you that I do not know

25 who is paying for it.

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1 Q As the CEO of USEM, are you aware whether

2 or not USEM is paying any of the fees for your

3 representation in this case?

4 A As the CEO, I do not know.

5 Q Do you know whether or not -- do you know

6 whether or not USEM has paid any of the fees for the

7 representation of USEM in this matter, as the CEO of

8 USEM?

9 A I do not know.

10 Q If we can go back to Exhibit 13, please.

11 A (Witness complies.)

12 Q So we've looked at the plant list, the one

13 that we could find dated September of '99. Do you

14 believe this may have been prepared sometime in 2000

15 up through early 2002, correct?

16 A To the best of my knowledge, yes.

17 Q And I'm going to direct you back then to

18 the Hillandale Farms identification there. And is

19 the basis of your testimony that this was Florida

20 was because of your understanding that the

21 Pennsylvania Hillandale with its related entities

22 identified in Exhibit 14 dropped out in 2000?

23 A The answer to the question is that this is

24 Hillandale Farms of Florida on here.

25 Q What I'm trying to figure out is how would

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1 you know that in looking at this document, because
 2 it doesn't designate Pennsylvania versus Florida,
 3 correct?
 4 A Yes.
 5 Q And so I'm asking you, are you drawing
 6 that conclusion because it's your understanding that
 7 the Hillandale Farms, Inc., and the facilities on
 8 page 6 of Exhibit 14, to the best of your knowledge,
 9 dropped out of USEM in 2000, or is there some other
 10 source of information you're relying on?
 11 A I'm basing that on my memory.
 12 Q And your memory being that the Hillandale
 13 entities identified on page 6 of Exhibit 14 had
 14 dropped out in 2000; is that correct?
 15 A Late 2000.
 16 Q Is that correct?
 17 A Yes. Yes.
 18 Q Now, on the next page of Exhibit, now, 13,
 19 there's Midwest Poultry Service.
 20 A Yes.
 21 Q And they were a member of USEM at the time
 22 this case volume for exports document was prepared,
 23 correct?
 24 A Yes.
 25 Q And the same for Moark Productions,

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1 correct?
 2 A It appears that way, yes.
 3 Q And the same for National Food Corp,
 4 correct?
 5 A Yes.
 6 Q And the same for Nelson Poultry Company,
 7 correct?
 8 A Correct.
 9 Q And Nelson Poultry Company is the Kansas
 10 entity that we were talking about earlier, correct?
 11 A Yes.
 12 Q And it's committed, with respect to this,
 13 120 containers -- excuse me -- a hundred containers,
 14 approximately 120 cases; is that correct?
 15 A That's what it says, yes.
 16 Q Would those cases have been secured
 17 through UEP egg traders?
 18 A Yes.
 19 Q All right. So Nelson Poultry Company of
 20 Kansas would have entered into an agreement with UEP
 21 for them to secure the eggs to fulfill their
 22 commitment; is that correct?
 23 A To the best of my knowledge, because,
 24 again, this is not dated, yes.
 25 Q Now, when you -- let's focus -- let me ask

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1 a couple more questions on this. The Moark
 2 Productions entity there, do you understand that
 3 Moark sells eggs to AWG? Are you aware of that?
 4 A No.
 5 Q You're not aware of that?
 6 A No, sir.
 7 Q Are you familiar with Associated Wholesale
 8 Grocers in Wyandotte --
 9 A No, sir, other than the name.
 10 Q -- Kansas?
 11 You are familiar with where Moark is,
 12 their principal location is, correct?
 13 A Principal location?
 14 Q Yeah. Do you know where that is?
 15 A No.
 16 Q When you -- let's put the export program
 17 aside. At USEM, if a member calls you up to execute
 18 a trade, a UEP member, are you paid a commission for
 19 both the purchase and the sale?
 20 So if, for example, Moark wants you
 21 to buy some eggs for them. Do they pay the egg
 22 trader at UEP; do you earn, as the trader, a
 23 commission on both the eggs that you purchase and
 24 the eggs that are sold as a part of that trade?
 25 MS. SUMNER: Can you read back the

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1 question.
 2 - - -
 3 (Whereupon, the Reporter read
 4 back a preceding portion of the
 5 testimony as directed:
 6 "Q. Let's put the export
 7 program aside. At USEM, if a
 8 member calls you up to execute a
 9 trade, a UEP member, are you
 10 paid a commission for both the
 11 purchase and the sale?")
 12 MS. SUMNER: I'll object to the form.
 13 BY MR. STUEVE:
 14 Q Do you understand my question, or do you
 15 want me to rephrase it?
 16 A Rephrase it, please.
 17 Q You do egg trades apart from the export
 18 program, correct?
 19 A Yes. UEP.
 20 Q Give me an example of a scenario in which
 21 you would be contacted to consummate an egg trade at
 22 UEP, outside the export program.
 23 A Someone calls me and needs eggs.
 24 Q Let's give me a hypothetical quantity.
 25 A One load.

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1 Q What would you do then to execute that
2 request?

3 A I would find someone who had the eggs.

4 Q And you'd buy them from that someone?

5 A Mm-hmm.

6 Q And then sell them to the person who
7 requested the eggs, correct?

8 A With a penny difference.

9 Q And you would make a commission both on
10 the purchase and the sale, correct?

11 A There's a penny split between the two.
12 So, in other words, if I'm buying them from someone
13 at 50 cents, I'm going to sell them at 51.

14 Q But you make a commission, correct?

15 A UEP does.

16 Q That's what I'm saying. You make a
17 commission both on the purchase and the sale, right?

18 A It's just a penny difference between the
19 two.

20 Q But --

21 A So I don't charge the seller and I don't
22 charge the buyer. It's just a penny between the
23 two.

24 Q Right. Now let's compare that to when you
25 are executing a trade for the export program and a

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1 USEM member doesn't have egg production sufficient
2 to fulfill that -- excuse me.

3 When you're executing that trade, do
4 you make the same commission with that foreign buyer
5 that you do with your other trades?

6 MS. SUMNER: Object to the form.

7 BY MR. STUEVE:

8 Q Can you answer my question? Do you
9 understand it?

10 A There is a penny made by USEM, and if it's
11 a UEP trade, there is a penny made.

12 Q With respect to the commission paid with
13 respect to a USEM export trade, can you tell me how
14 that commission works?

15 MS. SUMNER: Object to the form. I think
16 if you're specific about which commission,
17 because she's getting confused. There's two
18 commissions in the transaction.

19 MR. STUEVE: That's what I'm asking her to
20 tell me.

21 BY MR. STUEVE:

22 Q What commissions are paid in the USEM
23 export transaction?

24 A Like I said, there's one penny made for
25 U.S. Egg Marketers; and if you buy a load of eggs

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1 for UEP, there's one penny made for the UEP broker
2 per se.

3 Q Let me ask you this: Can you also confirm
4 in Exhibit 13 that NuCal Foods was also a member of
5 USEM during this case volume for exports?

6 A Yes.

7 Q Have they been a member throughout, from
8 September of 2010 to the present?

9 A To the best of my knowledge.

10 Q Would that also be true of National Food
11 Corp?

12 A They are no longer one now.

13 Q When did they drop out?

14 A I'm not exactly sure on the date. 2009, I
15 think.

16 Q Do you know why they dropped out?

17 A No.

18 Q Is Midwest Poultry Service currently a
19 member of USEM?

20 A No.

21 Q How long were they a member,
22 approximately? From September 2000 onward,
23 approximately how many years?

24 A I would say eight or nine years. I'm not
25 sure without looking at the records.

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1 Q Has USEM changed its export program at all
2 from September of 2010 to the present?

3 A Changed it how?

4 Q I'm asking you. Have there been any
5 changes in the export program?

6 A Just the dues structure, but it's
7 different.

8 Q And that dues structure, you believe that
9 that was implemented through changes in agreements
10 with individual USEM members and not the management
11 agreement; is that correct?

12 A Say that again, please.

13 Q This dues change that you just referenced,
14 is it fair to say that you believe that change was
15 implemented through USEM commitment agreements or
16 member agreements --

17 A Membership applications.

18 Q -- membership applications and not in the
19 overall management agreement with UEP; is that
20 correct?

21 A That is correct.

22 Q If you would, there is a different
23 calculation on the third page, talking about the
24 same members. What is the purpose of this
25 calculation?

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1 A That's not my handwriting. I'm not sure.

2 Q Whose handwriting is that?

3 A It looks like either Linda or Gene's.

4 Q Gene Gregory, you're referring to?

5 A Yes, sir.

6 Q Now --

7 (Exhibit BLIZZARD 15 was marked

8 for identification.)

9 BY MR. STUEVE:

10 Q Let me show you what's been marked as

11 Exhibit 15. These are a collection of United Egg

12 Producers' documents that were produced to us that

13 have invoice numbers and dates, and they're in the

14 '01 and '02 time frame.

15 Can you look through those quickly,

16 and I've got some specific questions.

17 A (Witness complies.)

18 MS. SUMNER: I just want to note for the

19 record this appears to be a compilation, like

20 Pat said, of documents that are not in Bates

21 number order, so it's not one document as

22 produced. It's also a document that came --

23 looks like a UEP document. She's not here as a

24 UEP corporate rep.

25 BY MR. STUEVE:

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1 Q Are you familiar with these types of

2 documents?

3 A It looks like an invoice from United Egg

4 Producers.

5 Q And would you have been involved in

6 generating this document?

7 A No.

8 Q Would you have been involved in -- let's

9 take the trade reflected on UE209; would you have

10 been involved in the trade?

11 MS. SUMNER: Object to form.

12 THE WITNESS: Excuse me, is that the first

13 one, 209?

14 BY MR. STUEVE:

15 Q Yes.

16 A I have no idea. It's a UEP trade, though.

17 Q Right. You were a trader with UEP in

18 February of 2001, correct?

19 A Yes. And so was Billie Jo and so was --

20 yes.

21 Q So there's no designation on here as to

22 who the trader would have been?

23 A Correct.

24 Q But you understand the document, though;

25 this is a document you're quite familiar with,

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1 correct?

2 A It looks like an invoice, yes.

3 Q Can you tell us what information that's

4 reflected on here?

5 A It says, CMF of Kansas, sold to, shipped

6 to.

7 Q So would this have been a trade that UEP

8 would have executed between Cal-Maine facilities in

9 Kansas and Hillandale; is that correct?

10 A That's what it looks like.

11 Q Right. So would Cal-Maine have contacted

12 UEP and say, Look, we need for you to buy us eggs,

13 they would have gone out and purchased the eggs from

14 Hillandale and then sold them to Cal-Maine's

15 facility in Kansas; is that correct?

16 A That's what it looks like, yes.

17 Q And then can you tell me the quantity that

18 was sold to Cal-Maine's facility in Kansas?

19 A Looks like 750 cases.

20 Q And what was the purchase price?

21 A 52 cents.

22 Q And what would the sales price have been?

23 A \$11,700.

24 Q So the penny, where is the commission that

25 factored in on this invoice?

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1 A When they receive an invoice from someone

2 else, it would be a penny less, to the best of my

3 knowledge.

4 Q When you say "they would receive an

5 invoice from somebody else," who is that?

6 A The person who has the eggs.

7 Q That would have been -- here in this

8 particular one, it would have been Hillandale; is

9 that correct?

10 A That's what it looks like, yes, sir.

11 Q And now, do you know whether or not this

12 was Gary Bethel's Hillandale group?

13 A No, sir.

14 Q Now, if you would, let's look at the next

15 page. Is this a different transaction?

16 A The PO number is different.

17 Q And its date shipped also is different; is

18 that correct?

19 A Yes, sir.

20 Q So this would have been a different

21 transaction; is that fair to say?

22 A Yes, sir.

23 Q And, again, UEP would have executed a

24 trade, they would have been contacted by the

25 Cal-Maine entity, the CMF of Kansas would have

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1 contacted UEP, said we need X number of eggs, UEP
2 would have executed the trade, secured the eggs from
3 Hillandale and then sold them to CMF of Kansas; is
4 that correct?

5 A That's what it looks like.

6 Q Now, if you would, the next page, and this
7 is Bates-stamped UE, with the last three numbers
8 218.

9 This also appears to be another
10 transaction in which Cal-Maine Foods, their Chase,
11 Kansas facility had contacted UEP, and they entered
12 into an agreement that resulted in the sale of eggs
13 to their Chase, Kansas facility from Hillandale; is
14 that correct?

15 A That's what it looks like, yes.

16 Q And then if you would look at the next
17 Bates range, which is 2222, it appears to be a
18 transaction, another transaction which Cal-Maine
19 Foods facility in Chase, Kansas, had contacted
20 United Egg Producers to have UEP secure eggs for
21 them, the eggs were sold to Cal-Maine, its facility
22 in Chase, Kansas, from Hillandale; is that correct?

23 A That's what it looks like.

24 Q And then the next document Bates range is
25 973 in Exhibit 15. Can you confirm for me, this is

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1 March 19 invoice date, Invoice No. 639, it appears
2 to be a transaction, again initiated by Cal-Maine's
3 Chase, Kansas facility, contacted UEP, wanted them
4 to secure eggs, those eggs were secured from
5 Wabash -- that would be Mr. Seger's company,
6 correct?

7 A Yes.

8 Q And then they were shipped to -- or sold
9 to case [sic] -- or shipped to case [sic], the eggs
10 that were purchased; is that correct?

11 A That's what it appears to be.

12 Q And, again, if you could look at the next
13 page, 2101, can you confirm for me that this is
14 another transaction initiated by Cal-Maine Foods'
15 Chase, Kansas facility, UEP executed the trade
16 between Wabash and Cal-Maine Foods' Chase, Kansas
17 facility; is that correct?

18 A That's what it appears to be, yes.

19 Q And if you would, can you confirm that
20 116 -- UE with the last three numbers 116, and the
21 next page, 332, are additional transactions
22 initiated by Cal-Maine Foods' Chase, Kansas
23 facility, executed by UEP that resulted in a sale
24 from Wabash and then Pilgrim to Cal-Maine's facility
25 in Chase, Kansas; is that correct?

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1 A That's what it appears to be.

2 Q And then, if you would, turning to the
3 UE862, the last three numbers, 865 and then 687,
4 those appear to be three separate transactions
5 initiated by Cal-Maine Foods' Chase, Kansas
6 operation contacting UEP to secure eggs, those eggs
7 were secured from Pilgrim and shipped to Cal-Maine's
8 Chase, Kansas facility; is that correct?

9 A That's what it appears to be.

10 (Exhibit BLIZZARD 16 was marked
11 for identification.)

12 BY MR. STUEVE:

13 Q Showing you what's been marked as
14 Exhibit 16. And if you would, this is an
15 October 10, 2000, organizational meeting, United
16 States Egg Marketers. That's what the cover page of
17 this document indicates it relates to; is that
18 correct?

19 A Yes.

20 Q This would have been after September of
21 2000, correct?

22 A Yes.

23 Q And at this point in time, you would have
24 been an employee of UEP, correct?

25 A Correct.

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1 Q Did you participate in this organizational
2 meeting in Ponte Vedra?

3 A I was there, yes, sir.

4 Q You were there?

5 A Yes, I was.

6 Q Now, if you would, on the agenda, it
7 identifies Larry Seger, right, up front?

8 A Larry Seger, yes.

9 Q And he is the owner of Wabash, we looked
10 at that; is that correct?

11 A Yes.

12 Q And then it has bylaw amendments, Irving
13 Isaacson; is that correct?

14 A That is correct.

15 Q Were those bylaw amendments for USEM?

16 A I would say so. They were in USEM
17 meeting, yes.

18 Q So is he counsel for both USEM and UEP, as
19 far as you know?

20 A To the best of my knowledge, yes.

21 Q And it says Membership Report, and that's
22 Gene Gregory who was -- would have been senior VP of
23 UEP; is that correct?

24 A Yes.

25 Q And then Election of ten Board members,

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1 that's again listing Irving Isaacson, who is a
 2 lawyer for both you USEM and UEP, correct?
 3 A Correct.
 4 Q And then it has, if you go on down, on
 5 number 6, it has Marketing Conference Call Report,
 6 and you're listed.
 7 A Correct.
 8 Q Do you remember what was shared at that
 9 meeting concerning the marketing conference call
 10 report?
 11 A Just talked about the conference call and
 12 encouraging people to get on it.
 13 Q And could you tell us what the marketing
 14 conference call was?
 15 A It was U.S. Egg Marketers members only,
 16 and we would just basically -- simply I would quote
 17 the market tone from the day before from the Urner
 18 Barry market, and then we would just simply talk
 19 about eggs, longs and shorts. If someone was long
 20 or had heard of some long, they just gave a little
 21 report of their own.
 22 Q How frequently did you have these
 23 conference calls?
 24 A Every Tuesday, Wednesday and Thursday.
 25 Q For how many years?

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1 A September 2000 to probably, I would say,
 2 first part of 2009.
 3 Q Why did you stop them in 2009?
 4 A Lack of participation. It was very
 5 costly.
 6 Q Why was it costly?
 7 A It cost about \$12,000 a year.
 8 Q To do the conference calls?
 9 A Yes, sir.
 10 Q What were those costs based off of?
 11 A The conference call InterCall or the --
 12 whatever the -- it's not as easy as this now. You
 13 had to call in and they recognized you and --
 14 Q It was the conference call costs
 15 themselves?
 16 A That is correct, yes, sir.
 17 Q Those would have been paid by UEP, is that
 18 correct, over the years?
 19 A That's part of the cost of U.S. Egg
 20 Marketers.
 21 MR. STUEVE: Read my question back.
 22 BY MR. STUEVE:
 23 Q If you'd answer it for me, I'd appreciate
 24 it.
 25 A Okay.

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1 - - -
 2 (Whereupon, the Reporter read
 3 back a preceding portion of the
 4 testimony as directed:
 5 "Q. Those would have been paid
 6 by UEP, is that correct, over
 7 the years?")
 8 THE WITNESS: It was part of the -- no, it
 9 was paid by U.S. Egg Marketers.
 10 BY MR. STUEVE:
 11 Q Ma'am, do you know what service you used?
 12 A I think it was -- I think it was
 13 InterCall, but I'm not sure. It changed.
 14 Q When those invoices came in, who paid
 15 them?
 16 A A U.S. Egg Marketers' check paid them.
 17 Q How do you know that? Did you ever write
 18 one?
 19 A No. Sherry -- I can call Sherry Shedd and
 20 find it out for you.
 21 Q So what I'm -- just so the record is
 22 clear, you never paid that invoice; is that correct?
 23 A Me, Phyllis Blizzard, no.
 24 Q Do you know whether there were other
 25 conference calls that were done at UEP other than

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1 these marketing calls?
 2 A I would imagine so, yes.
 3 Q Was it the same company that handled those
 4 conference calls?
 5 A Yes.
 6 Q And so I assume that there was one invoice
 7 that would have been sent in to UEP, correct?
 8 A You're correct.
 9 Q And UEP would have paid that invoice,
 10 correct?
 11 A U.S. Egg Marketers would be a part of the
 12 management agreement that UEP would have paid it.
 13 Yes.
 14 Q UEP would have paid the invoice, fair
 15 enough, to the telephone conferencing company?
 16 A I still think it's U.S. Egg Marketers.
 17 Q Ma'am, if you would, are you aware of any
 18 effort at UEP to allocate a portion of the
 19 conference call bills on a monthly basis to USEM?
 20 A Am I aware?
 21 Q Yeah.
 22 A No.
 23 Q And the actual phones, the phone service,
 24 those types of things, those are all paid by UEP for
 25 their UEP offices, correct?

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1 A Yes.

2 Q Now, in the market conferencing call

3 report, I'm going to focus on October of 2000,

4 approximately how many of the USEM members would

5 participate?

6 A A guesstimate would be eight to ten.

7 Q And you said they were only USEM members,

8 right?

9 A Correct.

10 Q At that time, the only USEM members that

11 you were aware of were UEP members as well, correct?

12 A Say it again, please.

13 Q Ma'am, let me ask it this way: The ten

14 USEM members that would have been participating in

15 the telephone conference call, were they typically

16 the same ones?

17 A Yes.

18 Q And can you confirm for us that those USEM

19 members were also UEP members?

20 A Yes.

21 Q And can you identify for us the ones that

22 you recall, the UEP members that were most actively

23 involved in the weekly conference call, marketing

24 conference calls?

25 A No, I can't all of them in 2000.

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1 Q Give me, to the best of your recollection,

2 the ones that you do recall.

3 A Well, Larry Seger was involved, Dolph

4 Baker, Wayne Winslow.

5 Q Is Dolph Baker with Cal-Maine?

6 A He is.

7 Q Who is the next one?

8 A Wayne Winslow.

9 Q What company is he affiliated with?

10 A NuCal.

11 Q Who else?

12 A This just goes back to 2000. I can't

13 recall all of them.

14 Q More recently are there others that you

15 recall prior to its termination in '09 that were

16 actively involved --

17 A Well, those were the most prominent except

18 for Larry Seger, obviously, because he had died.

19 Q But Cal-Maine, NuCal, and who else?

20 A I just have to look at the list to refresh

21 my memory.

22 Q Would there have been -- when you say "a

23 list," would that have been --

24 A I'm just talking about a membership list.

25 Q If you could, look at that case volume for

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1 export reports, Exhibit 13. And the first two

2 pages, can you -- so you had already identified

3 Cal-Maine, they were regular participants; is that

4 right?

5 A That is correct.

6 Q Was Moark a regular participant over the

7 years?

8 A No, I don't think so.

9 Q You mentioned NuCal Foods; is that

10 correct?

11 A That is correct.

12 Q What about Hillandale?

13 A The Florida participants were.

14 Q What about Sparboe?

15 A No.

16 Q Any other -- if you could, look at that

17 list. Can you identify others that you are --

18 A Ron Truex used to be on from Creighton

19 Brothers. Jim Brock was -- at the time was from

20 Crystal Farms, he was on it. Occasionally Gregg

21 Clanton from ISE-America was on it.

22 Now, this is broad range, so Roger

23 Deffner was on it on occasion from National. Wayne

24 Mooney used to be with Pilgrims Pride, he was on it.

25 Occasionally Al Schimpf from S&R Egg

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1 Farm was on it. Mike Bynum used to be from Tampa

2 Farm Service, he was on it. Danny Linville used to

3 be from Zephyr Egg, he used to be on it too.

4 Q It's your testimony that in approximately

5 '09, those weekly call reports were terminated

6 because of cost?

7 A Cost, and they just didn't participate.

8 People just stopped participating.

9 Q It didn't sound like that there were that

10 many even starting in 2000.

11 A Right.

12 Q Now, was the information that was garnered

13 from those calls, was it put in a report?

14 A No, it was only notes from me, and then I

15 called Urner Barry just to talk about it.

16 Q You would relay that information on to

17 Urner Barry?

18 A We would talk about it, yes, sir.

19 Q Did you keep your notes from those calls?

20 A No.

21 Q After you would talk to Urner Barry, you

22 would discard them?

23 A Yes, sir.

24 Q Were they ever recorded?

25 A No, sir.

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1 Q If we could, we're looking at Exhibit 16
2 and we went through the agenda there. There are the
3 proposed bylaws, kind of paging through this
4 document, right, and then the next document here is
5 the members of USEM by region?

6 Is that correct? Do you see that?

7 A Yes, sir.

8 Q That would be Bates range UE, the last two
9 digits 83 and 84; is that correct?

10 A Yes.

11 Q Cal-Maine Foods is listed there, Dolph
12 Baker and Ken Looper; is that correct?

13 A Yes.

14 Q And you have, though, listed past USEM
15 members. So what I wanted to know is had they
16 dropped out as of October of 2000?

17 A This was not my list.

18 Q Who would have prepared this list?

19 A This would either have been Linda or Gene.

20 Q Do you know what they were referring to as
21 a past USEM member, that designation?

22 A It just looks like they were one of the
23 former members.

24 Q Now, it lists Hillandale Florida. Do you
25 see that in the Southern?

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1 A Yes.

2 Q But there is no -- any other Hillandale
3 that's listed, is that correct, either as past
4 member or current?

5 A Does not appear to be.

6 Q Now, if you would, in the -- under the
7 Midwest, Nelson is not listed there; is that
8 correct?

9 A I do not see it.

10 Q Do you know when this list would have been
11 generated?

12 A No. I was just going to say there's no
13 date on it.

14 Q Now, the next part of the packet of
15 materials at the organizational meeting in October
16 of 2000 is the document we looked at earlier,
17 Reasons to be a participant in a national shell egg
18 export program and member of USEM; is that correct?

19 A Yes.

20 Q All right.

21 (Exhibit Blizzard 17 was marked
22 for identification.)

23 BY MR. STUEVE:

24 Q Let me show you what's been marked as
25 Exhibit 17. You had mentioned earlier that there

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1 was a nominating committee you were aware of for
2 USEM. Do you remember that?

3 A Yes, sir.

4 Q And is this the nominating committee that
5 you were referring to, the nominating committee
6 chairman Joe Fortin, and then the other members are
7 identified there, including Gene Gregory, Larry
8 Seger, Ken Looper, Roger Deffner, Dave Staples and
9 Jim Dean?

10 A I see that, yes.

11 Q Is this what you were referring to
12 earlier?

13 A It could have been, yes.

14 Q After this November 2000 time period, was
15 there an ongoing nominating committee for USEM in
16 place, to the best of your recollection?

17 A Yes, I think there was, yes.

18 Q And do you know how long that committee
19 was in place?

20 A No.

21 Q Would it have been several years, or do
22 you know?

23 A I do not know.

24 Q Is it fair to say it's been several years
25 since it last functioned?

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1 A I would say yes.

2 Q Now, if you could, could you tell me what
3 company Joe Fortin is affiliated with?

4 A He used to be with Southern New England
5 Egg.

6 Q And is that now affiliated with Moark?

7 A Kofkoff, excuse me.

8 Q Is that Moark today, part of Moark?

9 A I think so, yes.

10 Q What about -- we've talked about Larry
11 Seger. What about Ken Looper?

12 A Cal-Maine.

13 Q Cal-Maine?

14 A Yes, sir.

15 Q Roger Deffner?

16 A National Foods.

17 Q Dave Staples?

18 A Creekwood Farms.

19 Q Do you know, were they bought out by
20 someone?

21 A I'm not sure.

22 Q And then Jim Dean?

23 A I think he was Center Fresh.

24 Q And have they been bought out?

25 A I'm really not sure.

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1 (Exhibit Blizzard 18 was marked
2 for identification.)

3 BY MR. STUEVE:

4 Q Let me show you what's been marked as
5 Exhibit 18. And this was a memo to Billie Jo. And
6 she was a trader; is that right?

7 A That is correct.

8 Q And then Phyllis?

9 A Yes.

10 Q That would be?

11 A That's me.

12 Q You were a trader as well at that time?

13 A I was.

14 Q Linda?

15 A Reickard.

16 Q And then Randy?

17 A Randy Nelson. He was a trader.

18 Q And then Terry?

19 A Oliver.

20 Q Trader?

21 A Also a trader, mm-hmm.

22 Q And those folks have not been serving as a
23 trader for several years; is that correct?

24 A Correct.

25 Q Now, this is from Gene Gregory. Would --

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1 he still would have been the senior VP at that time,
2 November of 2000, to the best of your recollection,
3 of PEC?

4 MS. SUMNER: UEP.

5 MR. STUEVE: Excuse me. UEP.

6 BY MR. STUEVE:

7 Q Let me rephrase that.

8 Gene Gregory would have been the
9 senior VP of UEP at that time, correct?

10 A At that time, according to this
11 November 2000.

12 Q Yes. Now, if you would, it says, We
13 should first make every effort to purchase eggs from
14 those that are USEM members.

15 Is that right?

16 A Yes.

17 Q If we can't fill the export order from
18 members only, then we shall have to purchase eggs
19 outside the membership, but let's give the members
20 the first opportunity.

21 Is that right?

22 A Yes.

23 Q At this time, Nelson Poultry Company would
24 have been a member, correct?

25 A To the best of my knowledge, yes.

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1 Q Then it goes, under paragraph 2, In regard
2 to the trades commission on eggs you purchase for
3 the export, here is my opinion: Since USEM is the
4 purchaser, U.S. traders only need to find the
5 seller. Therefore, you will be filling one side of
6 the order and, therefore, only entitled to
7 commission on one side of the trade. If you have a
8 different opinion, please call me.

9 Do you remember that?

10 A I have seen this, yes.

11 Q And what was he referring to there?

12 A I'm not quite sure. It almost looks like
13 he was splitting it, but I don't know.

14 Q Do you recall that, in fact, you were only
15 paid commissions on one side of the trade for
16 export?

17 A No, I don't recall that.

18 Q Do you recall it one way or the other?

19 A No, sir.

20 Q Either way? I guess what I'm asking, I
21 want to be clear, when you say you don't recall it,
22 you don't recall whether or not you were only paid
23 on one side of the transaction for export trades; is
24 that correct?

25 A That's correct.

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1 Q Where would you go to determine whether
2 that, in fact, was implemented?

3 A I would have to go back to Linda Reickard.

4 Q Now, it has a listing then underneath
5 here, Cal-Maine Foods has committed to supply eggs
6 and ship to port; is that right? Cal-Maine is
7 listed there; is that right?

8 A That is correct.

9 Q As well as Wabash Valley, also known as
10 Layers Inc. which is Seger's company; is that right?

11 A Yes.

12 Q And then it has, Request their share be
13 purchased by UEP. Do you see that?

14 A Yes, I do.

15 Q So we're going to get to the membership
16 agreement, but as I understand it, when a USEM
17 member signed the membership agreement, they were
18 committing that in the future, if USEM placed an
19 export order, that they would either fill their
20 pro-rata share of that future export order with
21 their own future egg production or they would pay
22 UEP to fill that order; is that correct?

23 A They would ask UEP traders to fill that
24 order.

25 Q Right. They would pay either the loss or

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1 the gain on that trade depending on what happened;
 2 is that correct?
 3 A Say that again, please.
 4 Q Let me break this up, just so we can -- to
 5 be clear.
 6 Under the membership agreement, first
 7 the USEM member was agreeing that if there were a
 8 future export trade committed to by USEM, that they
 9 would be allocated a pro-rata share, and they were
 10 obligated to fill that with either their own future
 11 egg production or eggs purchased by UEP at their
 12 request?
 13 A Or they could go outside and fill it
 14 themselves.
 15 Q So there were three options for them to
 16 fulfill this future obligation under their USEM
 17 agreement; they could use future egg production of
 18 their own to fill it, they could request UEP go out
 19 and secure it through their egg traders, or they
 20 could secure the eggs from another producer on their
 21 own; is that correct?
 22 A Another broker on their own.
 23 Q And that would likely be ECI?
 24 A ECI, mm-hmm. That's public trading.
 25 Q And is that how the export program has

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1 functioned from September of 2000 to the present?
 2 A Yes, sir.
 3 Q If you would, on the second page of
 4 Exhibit 18, Nelson Poultry, in this November 22,
 5 2000 document, is identified as a USEM member that
 6 has requested that their share be purchased by UEP;
 7 is that right?
 8 A That is correct.
 9 Q So at the time this export order was
 10 placed, rather than use its export production at
 11 that time, they requested that UEP purchase their
 12 pro-rata share of the export commitment; is that
 13 correct?
 14 A That is correct.
 15 Q And the other entities here, they are
 16 identified in the amount in terms of cases, is
 17 identified that UEP was authorized to purchase on
 18 their behalf; is that correct?
 19 A I'm sorry, say it again.
 20 Q The listing of USEM members here on Bates
 21 range USEM-J, and then the last number is 4 --
 22 A Yes.
 23 Q -- those are the members that are listed
 24 that have requested UEP secure egg cases on their
 25 behalf, and the quantity of egg cases is in the

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1 right-hand column; is that correct?
 2 A That's my understanding, yes.
 3 Q Who would have prepared this document; do
 4 you know?
 5 A I would say Gene because it says from
 6 Gene.
 7 MS. SUMNER: Pat, when you're at a good
 8 point, can we take a quick bathroom break.
 9 MR. STUEVE: This is a good point.
 10 (Brief recess.)
 11 MR. STUEVE: Back on the record.
 12 (Exhibit Blizzard 19 was marked
 13 for identification.)
 14 BY MR. STUEVE:
 15 Q Ma'am, can you identify this as an export
 16 commitment share of 50 loads document, Exhibit 19?
 17 A Yes.
 18 Q And this says, Sent by United Egg. Who
 19 would it have been sent to?
 20 A Sent --
 21 Q If you look up here, there's a fax line
 22 that says September 21, '01.
 23 Do you know, would this have been
 24 sent to all of these entities that are listed here?
 25 A Excuse me, but do you mean the point at

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1 the -- part at the top.
 2 Q I am talking about, it says, Sent by
 3 United Egg, 9/21/01. There's a 12:15 p.m. jet fax.
 4 A It just looks like it was sent to one
 5 number.
 6 Q And what number would that have been?
 7 A (770)587-0041.
 8 Q Are you familiar with that number?
 9 A No.
 10 Q Can you confirm for me, though, this was
 11 the type of process that if there was an export
 12 commitment entered into by USEM, that the USEM
 13 members that had agreements in place would be
 14 identified and they -- the number of cases allocated
 15 to them, and then by yes, the member will provide?
 16 Do you see that?
 17 A Yes, I do.
 18 Q Who would have prepared this?
 19 A This is also a Linda Reickard.
 20 Q Can you confirm for me, at the bottom of
 21 the page, that Nelson Poultry Company, headquartered
 22 in Manhattan, Kansas, is identified there as
 23 participating in this export commitment?
 24 A Yes, sir.
 25 Q Now, it says, Note: Moark -- on the next

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1 page -- Kofkoff, Norco, M&M will function as one
 2 commitment.
 3 Did you know why that would have been
 4 the -- why that would have resulted?
 5 A To the best of my knowledge, I would say
 6 that they were all under one.
 7 Q Now, let's, if you would, look at the next
 8 exhibit, September 2001.
 9 (Exhibit Blizzard 20 was marked
 10 for identification.)
 11 BY MR. STUEVE:
 12 Q Showing you what's been marked as
 13 Exhibit 20. This is United States Egg Marketers
 14 members, September of 2001. Who would have prepared
 15 this document?
 16 A I would say Gene Gregory.
 17 Q Would he have been the president of UEP at
 18 this point in time?
 19 A No.
 20 Q He would have been the senior VP still?
 21 A Yes, sir.
 22 Q And if you would, on page 2, can you
 23 confirm that Nelson Poultry Farm, Kansas, there is
 24 identified as a member?
 25 A Yes, sir.

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1 (Exhibit Blizzard 21 was marked
 2 for identification.)
 3 BY MR. STUEVE:
 4 Q Can you identify Exhibit 21 for me,
 5 please?
 6 A It's a UEP invoice.
 7 Q And would this have reflected a
 8 transaction in which Nelson Poultry Farm of
 9 Manhattan, Kansas would have entered into a
 10 commitment to fulfill its pro-rata share of a USEM
 11 export and they requested UEP egg traders to
 12 purchase the eggs to meet that commitment and that
 13 purchase resulted in a loss to Nelson Poultry Farm?
 14 A To the best of my knowledge, that is what
 15 it's for.
 16 Q And these would have -- the invoice
 17 reflects two separate export commitments; is that
 18 correct?
 19 A That is correct.
 20 Q And on the first export number one, the
 21 purchase of eggs for Nelson Poultry Farm by UEP egg
 22 traders resulted in a loss of 333.90; is that right?
 23 A That's what it looks like, yes, sir.
 24 Q And the second under export number two,
 25 purchased by UEP egg traders on behalf of Nelson

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1 Poultry Farm resulted in a loss of 513.10; is that
 2 right?
 3 A That is correct.
 4 Q And then United Egg Producers invoiced
 5 Nelson Poultry Farm, not USEM, correct?
 6 A Correct.
 7 (Exhibit Blizzard 22 was marked
 8 for identification.)
 9 BY MR. STUEVE:
 10 Q I'll show you what's been marked as
 11 Exhibit 22. It's identified as United States Egg
 12 Marketers Annual Membership Meeting, October 18,
 13 2001.
 14 Now, this meeting of USEM would have
 15 occurred at the same time and location as UEP; is
 16 that correct?
 17 A Yes. In a different meeting room, yes,
 18 sir.
 19 Q It occurred in Lake Las Vegas Resort at
 20 the same time that UEP's annual meeting was
 21 occurring at Lake Las Vegas Resort, correct?
 22 A Yes.
 23 Q And prior to September of 2000, when USEM
 24 would have their annual meetings, let's say '99,
 25 '98, '97, those meetings would take place at a

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1 different location than UEP's, correct, annual
 2 meeting?
 3 A Yes, because there was no -- we were --
 4 yes. Yes.
 5 Q And from September 2000 onward, has USEM
 6 always had its annual meeting at the same location
 7 as UEP's annual meeting up through today?
 8 A Usually, yes.
 9 Q Well --
 10 A There was one year they didn't.
 11 Q When was that?
 12 A Excuse me. I have to go back. It was
 13 either 2011 or 2012 because I did not go. It was in
 14 the mid -- far west.
 15 Q The 2012 meeting would have been held
 16 sometime in October of last year?
 17 A Yes.
 18 Q Did you attend that one?
 19 A Yes.
 20 Q Was the --
 21 A I think it was the year before, 2011.
 22 Q Is when there was a different location.
 23 But other than that year, every year since September
 24 of 2000?
 25 A To the best of my knowledge, yes, sir.

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1 Q Now, if you would, on the second page it
 2 has the agenda, and it identifies Larry Seger, Butch
 3 DeVries --
 4 A DeVries.
 5 Q DeVries?
 6 A Mm-hmm.
 7 Q -- Roger Deffner and then Jim Brock, is
 8 that right, as the officers of USEM?
 9 A I'm sorry, I skipped a page. Yes.
 10 Q And all of their -- again, Larry Seger was
 11 with Wabash. Butch DeVries, who was he with?
 12 A DeVries, he was with Mallquist Eggs.
 13 Q Were they members of UEP as well?
 14 A To the best of my knowledge, yes, sir.
 15 Q Roger Deffner was with what company?
 16 A National Foods.
 17 Q They were members of UEP as well?
 18 A To the best of my knowledge, yes, sir.
 19 Q Jim Brock?
 20 A Crystal Farms.
 21 Q And they would have been members of UEP as
 22 well, correct?
 23 A Yes, sir.
 24 Q Do you know if any of them held officer
 25 positions with UEP?

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1 A I do not.
 2 Q You don't know one way or the other?
 3 A I do not.
 4 Q If you would, paging through this, there
 5 are some financials that are included. And if you
 6 could look on 6570, it's United States Egg
 7 Marketers' income statement?
 8 A Yes, sir.
 9 Q From September 15, 2000, to August 31,
 10 2001. So this would have been the first year
 11 following UEP taking over the management, correct?
 12 A Yes.
 13 Q And there was an initial bank deposit of a
 14 hundred thousand under Income, right?
 15 A Excuse me. There was one in 2000 at Ponte
 16 Vedra. The one in 2000 was right after U.S. Egg
 17 Marketers. I thought you said this was the first
 18 one. Excuse me.
 19 Q No, I'm saying this is the first year, if
 20 you look at the income statement that's on CM6570.
 21 A I'm sorry. I misunderstood.
 22 Q This is the income statement for the first
 23 full year following UEP taking over USEM; is that
 24 correct?
 25 A That's correct.

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1 Q And under Income, there's the bank
 2 deposit. And we saw that in the initial management
 3 agreement, the reference to that, correct?
 4 A Yes.
 5 Q Then there's interest income, presumably
 6 on that bank deposit, correct?
 7 A Yes.
 8 Q And then there's a whopping \$7,951.79 on
 9 egg margins from exports, correct?
 10 A Yes.
 11 Q No revenue from dues, correct?
 12 A Mm-hmm.
 13 Q That \$7,951 would not have been able to
 14 pay the management fee agreed to by USEM with UEP,
 15 correct?
 16 A Yes, that alone could not, yes.
 17 Q Because the management agreement initially
 18 was how much; do you remember?
 19 A The very first?
 20 Q Yeah.
 21 A The very first was a hundred thousand as
 22 shown here.
 23 Q And 7,000 would have fallen far short of a
 24 hundred thousand, correct?
 25 A Yes.

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1 Q So in it first full year of operation, the
 2 bank deposit of USEM was nearly completely drained,
 3 and all of the egg margins from eggs -- from exports
 4 was used to pay the management fee, correct?
 5 A To the best of my knowledge, yes, sir.
 6 Q And there was a net -- they reflect a net
 7 income of 14,631.95 at the end of the year, correct?
 8 A That's what it says, yes, sir.
 9 Q Now, do you see any allocation under the
 10 Expenses, any allocation for the conference call
 11 cost that you talked about that were thousands of
 12 dollars?
 13 A I don't think it was 12,000 for the first
 14 year. It got to be that expensive.
 15 Q You would agree with me there's no
 16 allocation of any conference call cost?
 17 A Yes.
 18 Q No allocation for computers?
 19 A Yes.
 20 Q No allocation for rent?
 21 A Yes.
 22 Q No allocation for phones, correct?
 23 A Yes.
 24 Q No allocation for that portion of your
 25 responsibilities devoted to USEM activities,

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1 correct?

2 A That's what it looks like.

3 Q No allocation of other UEP staff members,

4 a time used for UEM [sic] activities, correct?

5 A USEM, yes, sir.

6 Q USEM; is that correct?

7 A That's correct. That's what it looks

8 like.

9 Q Now, if you would, over the next page --

10 again, this is in the first year of UEP taking over

11 for USEM -- under the UEP management fee, it says,

12 On September 15, 2000, USEM deposited a hundred

13 thousand in a bank account for the purpose of paying

14 UEP \$8,333 monthly as a management fee for the first

15 year. UEP will provide management to USEM for the

16 balance of 2001 without receiving any compensations

17 for a management fee.

18 Were you aware of that?

19 A That's what it says, yes, sir.

20 Q Were you aware -- you were there at the

21 time. Were you aware of the fact that USEM's

22 finances were such that they couldn't even pay the

23 management fee to UEP for the balance of the year in

24 2001?

25 A Yes, sir.

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1 Q Now, were there any changes implemented in

2 2002 with respect to the management fee?

3 A It says that -- right here it says that it

4 was changed to 50,000.

5 Q And that wasn't requested by USEM; that

6 was requested by UEP?

7 A That's what it says.

8 Q That seems a little strange, doesn't it,

9 Ms. Blizzard?

10 A No comment. But that's what it says, sir.

11 Yes.

12 Q And it says, Any bank balance margins from

13 exports at the end of 2001 will be carried over into

14 the year 2002 providing tax accounts don't make

15 other recommendations for tax purposes.

16 Did I read that correctly?

17 A You did.

18 Q Now, do you know whether or not USEM was

19 able to meet the \$50,000 management obligation in

20 2002?

21 A I'd have to look at the records and see.

22 This was done by, I would say, Sherry Shedd.

23 (Exhibit Blizzard 23 was marked

24 for identification.)

25 BY MR. STUEVE:

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1 Q I'll show you what's been marked as

2 Exhibit 23.

3 Do you remember that USEM had been

4 authorized to execute an export commitment in

5 October of 2001, and then there was a conference

6 call to attempt to rescind that export order?

7 A Are you saying that's what this is?

8 Q Mm-hmm. Let me just direct your

9 attention -- first of all, let me walk you through

10 this.

11 October 25, 2001, you are listed as

12 on this call, correct?

13 A Yes.

14 Q And who are the other -- the other members

15 that are listed there, were they members of the USEM

16 export committee?

17 A It just says there was a conference call.

18 It doesn't say an export committee.

19 Q But can you tell by looking at this? Why

20 were these particular individuals on here?

21 A I'd have to go back and look and see who

22 my members were of the export committee in the year

23 2001.

24 Q Now, the loads are listed there, and then

25 it says, Several committee members expressed their

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1 concern with the volumes for Canada and Hong Kong

2 because this could impact regular business that some

3 of our USEM/UEP members currently have with those

4 markets.

5 Did I read that correctly?

6 A Yes, you did.

7 Q So the concern here by the USEM export

8 committee, at least some members, was that if they

9 actually shipped the volumes to Canada or Hong Kong,

10 that could potentially lower the price that UEP

11 members could otherwise get to their customers in

12 Canada and Hong Kong, correct?

13 A No. It would just take business away from

14 their regular buyers.

15 Q Okay. So it was worse than a lowering of

16 price, they wouldn't be able to make sales,

17 potentially, to these Canada and Hong Kong buyers

18 because those folks could have bought from USEM,

19 correct?

20 A Yes.

21 Q So they were saying, Hey, USEM, you guys

22 can't execute this export order because that could

23 harm some of our UEP members, right?

24 MS. SUMNER: Objection. Calls for

25 speculation.

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1 THE WITNESS: No, it would take business
 2 away from U.S. Egg Marketers members, not UEP.
 3 BY MR. STUEVE:
 4 Q Well, it says --
 5 A Oh.
 6 Q -- USEM, UEP members, correct?
 7 A Right. I didn't write it. Yes, sir.
 8 Q Well, ma'am, you've already testified that
 9 if you were a USEM member, you were a UEP member as
 10 well?
 11 MS. SUMNER: Objection.
 12 BY MR. STUEVE:
 13 Q Correct?
 14 MS. SUMNER: Objection.
 15 THE WITNESS: I don't know what to say.
 16 Sorry.
 17 BY MR. STUEVE:
 18 Q Other committee members expressed the
 19 point of view that the function of USEM to consider
 20 export opportunities for the benefit of moving eggs
 21 out of the country to improve the domestic price
 22 regardless of where those eggs might be shipped.
 23 Did I read that correctly?
 24 A Yes.
 25 Q So what they were saying is, the other

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1 group was saying, But wait a minute, the purpose of
 2 the export program is to ship eggs abroad regardless
 3 of where they go so we can increase the domestic
 4 price, correct?
 5 MS. SUMNER: Objection.
 6 THE WITNESS: It does not always.
 7 BY MR. STUEVE:
 8 Q But that's what they were saying here,
 9 correct?
 10 A Granted, that's what they were saying.
 11 MS. SUMNER: Objection.
 12 BY MR. STUEVE:
 13 Q So then let's see what they decided to do.
 14 It was moved by Biggers and seconded by Bahan to
 15 approve the export order for the entire package of
 16 150 container loads. This motion carried with a
 17 vote of 60 [sic] in favor and 5 opposed. Discussion
 18 followed as to how should we react if the majority
 19 of USEM members did not support this order.
 20 The following motion was then made:
 21 It was moved by Bahan and seconded by Brock to
 22 immediately seek a vote from the membership of the
 23 87 loads for Europe should the membership reject the
 24 order for 150 loads. The motion carried
 25 unanimously.

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1 So if they couldn't get a majority of
 2 the members to vote for the 150, then they would
 3 propose the 87 loads for Europe, those would
 4 obviously be exports not to Hong Kong and Canada,
 5 correct? Is that correct?
 6 A Yes.
 7 Q And do you know what happened? Were they
 8 able to get a majority?
 9 A I'd have to look in the records.
 10 Q Where would you look?
 11 A Excuse me. You said the motion carried
 12 with a vote of 60 in favor and 5 opposed. It was 6.
 13 Q Ma'am, I apologize if I misspoke.
 14 The motion -- I will just read it
 15 back. The first motion carried 6 in favor,
 16 5 opposed. Then there was a discussion that says,
 17 Wait a minute, if we can't get the majority of the
 18 USEM, then we should have a second option. And the
 19 second option was approved unanimously to ship
 20 87 loads but only to Europe, not Hong Kong, not
 21 Canada, correct?
 22 A Correct.
 23 Q Do you know what happened?
 24 A No, I do not, without checking my records.
 25 Q Where would you check?

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1 A I'd have to look -- I have an index back
 2 at the office to look.
 3 Q What is the index?
 4 A It's just my self-made list of exports.
 5 Q Have those been produced to us?
 6 A I'm not sure. I think so.
 7 Q Have they been given to counsel?
 8 A I think so.
 9 Q Just so -- there's been a lot of documents
 10 that have been produced on all sides. Can you tell
 11 us, is there a title to --
 12 A No, sir. It's -- like I said, it's my own
 13 personal list.
 14 Q Is it an Excel spreadsheet?
 15 A No.
 16 Q What format?
 17 A No. No.
 18 Q Is it a Word document?
 19 A I would say.
 20 Q You prepared it. Is it a Word document or
 21 not?
 22 A Yes.
 23 Q And have you been keeping this since
 24 September of 2000?
 25 A Yes.

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1 Q And this is a running compilation prepared
2 by you of all export orders; is that right?
3 A Yes.
4 (Exhibit Blizzard 24 was marked
5 for identification.)
6 BY MR. STUEVE:
7 Q Ma'am, can you identify Exhibit 24 as
8 another invoice --
9 A Yes.
10 Q -- dated November 30, 2001, involving a
11 sale to Nelson Poultry Farm in Manhattan, Kansas, on
12 or about November 30, 2001; is that correct?
13 A It was not a sale. They were billed for a
14 an export.
15 Q Right. It has Sold To, but this -- the
16 way this would have worked, as you testified
17 earlier, is Nelson Poultry Farm, because they had a
18 commitment under the USEM agreement to meet its
19 pro-rata share in the future of any orders, now
20 they've been notified that there is an order that's
21 been placed and they've requested UEP, requested UEP
22 egg traders to fulfill that obligation, and UEP egg
23 traders executed the transaction. And it resulted
24 in what?
25 A They're being billed for the difference.

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1 Q And the difference was what?
2 A \$1,120.85.
3 Q And that was a loss; is that correct?
4 A That's what it says, yes, sir.
5 Q Which had to come out of their pocket; is
6 that right?
7 A Yes, sir.
8 Q And then the Weight Country [sic] loss,
9 11 cases, 961, was that a separate export?
10 A It says Wright County, W-R-I-G-H-T.
11 Q What do you understand that to mean?
12 A That was a producer that did not -- he did
13 not pro- -- that's not the right word. He did not
14 deliver his own eggs. He backed out of it. That's
15 the word I was looking for.
16 Q So Nelson Poultry Farm backed out of --
17 A No. No. No. Wright County backed out.
18 And so the expense was divided amongst the U.S. Egg
19 Marketers members, because we had to buy those eggs.
20 Q So in addition to the loss that was
21 assessed with respect to Nelson Poultry Farm
22 attempting to meet their obligations to USEM, they
23 also then were allocated additional losses along
24 with all other USEM members because a member backed
25 out of their commitment?

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1 A Yes, sir.
2 Q And is Mr. DeCoster, would that have been
3 with Wright County?
4 A I think that's correct, yes, sir.
5 Q And perhaps this is why Nelson Poultry
6 Farm left USEM in 2002?
7 A I have no idea, sir.
8 Q Is it fair to say every one of the
9 transactions we've looked at, that's several now
10 with respect to Nelson Poultry Farm in Manhattan,
11 Kansas, related to the export program, they've lost
12 money, correct?
13 A All of the invoices that you looked at.
14 You looked at quite a few.
15 Q I am talking about with respect to Nelson
16 Poultry Farm, we looked at several. To the best of
17 your recollection, they were at a loss in all of
18 them?
19 A Right. Because they did not pack their
20 eggs.
21 (Exhibit Blizzard 25 was marked
22 for identification.)
23 BY MR. STUEVE:
24 Q Let me show you what's been marked as
25 Exhibit 25. Can you tell me what that is?

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1 A It looks like a UEP invoice to Nelson.
2 This is -- it looks like UEP for dues, 2002 dues.
3 It's handwriting, it's from Linda Reickard.
4 Q It looks like there's 900,000 -- doesn't
5 that look like pallets?
6 A It looks like pullets.
7 Q Excuse me. Pullets?
8 A Yes, sir.
9 Q What is that referring to?
10 A A pullet is a baby chicken.
11 Q Right. But what does this, above that,
12 say? Started?
13 A That's what it looks like.
14 Q So do you know, was Nelson Poultry Farm
15 not a member of UEP?
16 A I do not know if they were a member of
17 UEP.
18 Q Do you know why they would have been
19 assessed dues at the end of --
20 A No, sir, I do not.
21 Q Is it fair to say that these dues, to the
22 best of your knowledge, would have been dues that
23 would have allowed them to be a member of USEM?
24 A No.
25 Q We've looked at the agreement that was in

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1 place in 2000 that USEM members would have entered
2 into, right?

3 A Yes.

4 Q And that specifically provided UEP members
5 may become USEM members by committing to the
6 following export program without the payment of
7 additional membership fees. Non-UEP applicants may
8 become USEM members by committing to the following
9 export program upon obtainment of dues equal to the
10 dues scheduled UEP.

11 So would it be a fair assumption that
12 that is -- that second provision, that non-UEP
13 members would be assessed dues equivalent to the UEP
14 dues, is why Nelson Poultry Farm received this
15 invoice?

16 MS. SUMNER: Object to the form.

17 THE WITNESS: I really don't know. I
18 didn't do it.

19 (Exhibit Blizzard 26 was marked
20 for identification.)

21 BY MR. STUEVE:

22 Q Let me show you what's been marked as
23 Exhibit 26. Maybe this will refresh your
24 recollection. This is dated, executed in duplicate,
25 this 31st day of October, 2000.

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1 Can you confirm for me that this is
2 Nelson Poultry Farm's Inc. Membership Agreement and
3 Export Commitment document?

4 A That's what it appears to be.

5 Q And it has a house capacity, layers owned
6 by applicant, of 160,000; is that correct?

7 A Yes, sir.

8 Q And then under paragraph 2, it has the
9 sentence that says, UEP members may become USEM
10 members by committing to the following export
11 program without the payment of additional membership
12 fees. Non-UEP applicants may become USEM members by
13 committing to the following export program and upon
14 payment of dues equal to the dues schedule of UEP.

15 Is that correct?

16 A That's what it says, yes.

17 Q So now looking at Nelson's agreement,
18 would it be your understanding, as the CEO of USEM,
19 that the dues assessed at the end of 2001 would have
20 been because Nelson was not a member of UEP?

21 A Again, I did not do this. I do not know.

22 Q Are you aware of any other agreement that
23 would have been in place at the end of December 2001
24 with Nelson Poultry Farm of Manhattan, Kansas, other
25 than Exhibit 26?

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1 A What were the dates again, sir?

2 Q The end of December of 2001, are you aware
3 of any other agreement between USEM and Nelson
4 Poultry Farm of Manhattan, Kansas, other than
5 Exhibit 26?

6 A No, sir.

7 (Exhibit Blizzard 27 was marked
8 for identification.)

9 BY MR. STUEVE:

10 Q Showing you what's been marked as
11 Exhibit 27. We had discussed briefly United Voices,
12 you had mentioned that earlier. Do you recall that?

13 A Yes.

14 Q And is this an example of an edition of
15 United Voices that would have been prepared by UEP
16 and sent out to UEP, USEM, UEA members?

17 A To the best of my knowledge.

18 Q Was that a monthly publication?

19 A I think it's bi-weekly.

20 Q Has that been the case since September of
21 2000, to the best of your knowledge?

22 A To the best of my knowledge.

23 Q And if you would, on the first page of
24 this United Voices under, USEM is trying to help the
25 egg market, do you see that?

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1 A Yes.

2 Q It says, The members of United States Egg
3 Marketers, USEM, are again trying to provide a boost
4 to the domestic egg market. The members voted to
5 accept and support the delivery of the following,
6 and then it identifies the two export commitments;
7 is that correct?

8 A That's what it says.

9 Q And was that the practice of UEP, was to
10 notify all of its members of the export commitments
11 of USEM through the bi-monthly United Voices?

12 A To the best of my knowledge, that's what
13 he did.

14 Q "He" meaning Mr. Gregory?

15 A Gene Gregory, yes, sir.

16 Q If you would, over on the next page,
17 there's a question of, Tell me, why were December
18 prices so low? I want to focus for this deposition
19 on the third paragraph that says, In December of
20 2000, we exported 34 loads of shell eggs. During
21 the period of September 24 through November 30 of
22 2001, we exported 252 loads of shell eggs.

23 Did I read that correctly?

24 A You did.

25 Q And when he's referring to "we," he's

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1 referring to who?

2 MS. SUMNER: Objection.

3 THE WITNESS: I would say he's referring

4 to U.S. Egg Marketers.

5 BY MR. STUEVE:

6 Q So this is on UEP -- has the UEP label on

7 the front, right?

8 A Yes.

9 Q I don't see USEM's logo or brand on the

10 top, do you?

11 A That's correct.

12 Q And you would agree that 252 loads, those

13 would have been consummated after UEP took over

14 USEM, correct?

15 MS. SUMNER: Object to form.

16 THE WITNESS: After USEM is managed by

17 UEP, yes.

18 BY MR. STUEVE:

19 Q And that's almost eight times the export

20 from the year earlier; is that correct?

21 A It was more.

22 Q Well, you would agree that 252 is

23 substantially more than 34?

24 A Believe me, I know. Yes, sir.

25 Q And you would have, in fact, been very

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1 busy in attempting to implement those export trades,

2 correct?

3 A Yes, sir.

4 (Exhibit Blizzard 28 was marked

5 for identification.)

6 BY MR. STUEVE:

7 Q Now, Ms. Blizzard, you've testified

8 repeatedly today that you're absolutely certain that

9 Nelson Poultry Company left USEM in early 2002; is

10 that correct?

11 A To the best of my knowledge.

12 Q Right.

13 A I don't have an exit date.

14 Q That's why I was asking you several times

15 if there was a document that we could point to that

16 would give an exact exit date, and you don't have

17 one, do you?

18 A I do not.

19 Q Well, let me show you this document,

20 Exhibit 28. This is an export pack or purchase,

21 right?

22 A Yes, sir.

23 Q It's delivery of November 2002, right?

24 A That's what it says.

25 Q And it identifies Nelson Poultry Company,

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1 correct?

2 A Yes, sir.

3 Q And committed cases of 145, right?

4 A Yes, sir.

5 Q And this would have been a document that

6 would have been produced under USEM's Bates range,

7 or label, if you can see down on the lower left

8 corner, USEM114?

9 A But it doesn't have anything filled out on

10 the right side.

11 Q I understand that. But the export pack or

12 purchase, the document prepared by USEM for delivery

13 of November of 2002, has Nelson Poultry Company

14 allocated 140 [sic], correct? It says committed

15 cases; is that right?

16 A That's what it says, 145. This is not my

17 document.

18 Q Who would have prepared this document?

19 A I'm assuming that would have been Gene or

20 the starting of a document. I do not know.

21 Q By Gene Gregory?

22 A I do not know. Yes, sir.

23 (Exhibit Blizzard 29 was marked

24 for identification.)

25 BY MR. STUEVE:

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1 Q Let me show you what's been marked as

2 Exhibit 29. If you would, this is entitled United

3 States Egg Marketers USEM Membership Agreement and

4 Export Commitment. Down at the bottom, it has

5 executed this blank day of 2003.

6 Do you see that?

7 A Yes, sir.

8 Q And this is produced by United Egg

9 Producers, UE, and last three digits are 928.

10 MS. SUMNER: Object to form.

11 BY MR. STUEVE:

12 Q Is that correct?

13 Go ahead. Does it say UE928?

14 A Yes, that's the number at the bottom.

15 Q And can you confirm for me it says

16 executed this day of 2003?

17 A Yes. But it's blank.

18 Q Would this, however, be an indication, to

19 the best of your knowledge, of the agreement that

20 would have been in place in the 2003 time frame?

21 A I have no idea. It's blank.

22 Q Well, this looks like a form, does it not,

23 ma'am?

24 A Yes, it does.

25 Q Are you aware of any other form that's

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1 been produced by either USEM or United Egg Producers
2 that would have been in place or be utilized in 2003
3 other than Exhibit 29?

4 A To the best of my knowledge, no.

5 Q And if you would, under Membership Dues,
6 it says, UEP members may become USEM members by
7 committing to the following export program without
8 the payment of additional membership fees.

9 Did I read that correctly?

10 A Yes, you did.

11 Q So when do you believe that that
12 membership agreement was changed?

13 A I'd have to go back and look at the
14 records to see an exact date.

15 (Exhibit Blizzard 30 was marked
16 for identification.)

17 BY MR. STUEVE:

18 Q I am going to show you what's been marked
19 as Exhibit 30. Can you just confirm for me that
20 Exhibit 30, that this is a communication that -- a
21 communication like this would be sent out to USEM
22 members after an export order was accepted by the
23 USEM membership?

24 A Yes, that's what it says.

25 Q But do you recall these, this kind of

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1 communication going out?

2 A This was done by Gene, yes.

3 Q What I am asking, do you recall this type
4 of communication going out to USEM members?

5 A Yes. It's a notification, yes, sir.

6 Q And it says here -- it has the specific
7 allocation for this particular member, which is
8 Cal-Maine Foods, correct?

9 A Yes.

10 Q And Dolph Baker of Cal-Maines is the one
11 who is listed there; is that right?

12 A That is correct.

13 Q It says, You're encouraged to call Phyllis
14 Blizzard -- that would be you -- for further
15 details, including port of delivery; is that
16 correct?

17 A Yes.

18 Q And then, You may fill your commitment by
19 either packing and shipping your own eggs, or you
20 may request that a UEP egg traders purchase your
21 commitment.

22 We talked about that earlier, that's
23 how the program worked; is that right?

24 A Yes.

25 Q You also, though, identified that there

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1 was a third option, which would be they could go
2 out --

3 A Early on it was, yes, sir.

4 Q And to go out and purchase from ECI to
5 fill their commitment as well, right?

6 A Yes, sir.

7 Q Now, it says on the next page, it says,
8 Under your commitment, by your signed membership
9 agreement -- and that's the agreement we just looked
10 at earlier that Nelson had signed, right? That's
11 the kind of agreement we're talking about?

12 A I assume so, sir, yes.

13 Q By your signed membership agreement, you
14 have agreed as follows: Our company agrees to
15 participate pro rata in all shell egg exports
16 approved by the USEM export committee and taken by
17 USEM. The level of export commitment will be
18 determined by each member's total layer -- I am
19 sorry. The level of export commitment will be
20 determined by each member's total layer number
21 compared to the total layers of all members.

22 Did I read that correctly?

23 A You did.

24 Q That's how it worked, correct, the export
25 program?

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1 A Yes. Yes.

2 (Exhibit Blizzard 31 was marked
3 for identification.)

4 BY MR. STUEVE:

5 Q Show you what's been marked as Exhibit 31.
6 Can you confirm for me that the first page of
7 Exhibit 31 is identified as USEM annual membership
8 meeting, October 22, 2004, New Orleans?

9 A Yes.

10 Q And you would have been present for that,
11 correct?

12 A Yes, sir.

13 Q And that was the same location, same time
14 as UEP; is that correct?

15 A Yes.

16 Q And if you would, attached you'll see
17 under the agenda, the next page, under item three,
18 it says, Minutes of previous meeting.

19 And then, if you turn to the next
20 page, it actually has the minutes from the USEM
21 meeting of October 24, 2003, in Albuquerque, New
22 Mexico, correct?

23 A Yes, sir.

24 Q And that annual meeting of USEM in
25 Albuquerque, New Mexico, in October of 2003, was the

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1 same time and same location as UEP's, correct?

2 A That is correct.

3 Q And if we could, under the financial

4 report, under the second paragraph, it says, Gregory

5 announced that while UEP was not at this time asking

6 for the 50,000 management fee to be increased for

7 2004, he did feel that UEP was spending far more

8 than the amount paid and that USEM was getting a

9 bargain.

10 Did I read that correctly?

11 A Yes, you did.

12 Q And you were at this meeting in October of

13 2003. Do you recall that discussion?

14 A Yes, sir.

15 Q And did you share that view that UEP was

16 spending far more than the amount paid?

17 A Did I comment myself?

18 Q Did you share that view?

19 A Yes, sir.

20 Q Now, if you would, still in that document,

21 the financials that were presented, it's CM, and

22 then the last three digits are 823.

23 It's the income statement from

24 January 1, 2004, to August 31, 2004.

25 It has -- under Income, it has

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1 "interest" and then "golf event revenues."

2 A Yes.

3 Q Correct?

4 Now, for USEM, there's no income from

5 dues, correct?

6 A That's what it says.

7 Q And you would agree that the interest of

8 \$502 and the golf event revenues of 8,550 falls far

9 short of the \$50,000 USEM management agreement with

10 UEP; is that correct?

11 A It appears that way, yes, sir.

12 Q The expenses listed are the bank service

13 charges, postage, golf event expense, meetings,

14 taxes and licenses, management fee of 33,333.36 and

15 then Board liability insurance; is that correct?

16 A That's what it says, yes.

17 Q Now, this would have been August 31, 2004,

18 so, presumably, the full 50,000 expense had not been

19 incurred because the year had not been complete; is

20 that right?

21 A That's my impression, yes.

22 Q But the bottom line is the net income loss

23 shows that USEM had a \$36,000 shortfall, correct?

24 A That's what it says, yes.

25 Q Now, let me show you the next document in

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1 this packet, which is CM6824. And it has USEM

2 export sales, sales since UEP assumed management of

3 USEM.

4 Do you see that?

5 A I do.

6 Q Who would have prepared this document?

7 A Gene Gregory.

8 Q And at this time would he have been the

9 president of UEP, the 2004 annual meeting?

10 A I don't recall the year that Pope, Al Pope

11 retired, honestly.

12 Q Now, if you look underneath the USEM

13 export sales, it says, Higher-than-normal egg prices

14 in the U.S. during the period of February 2003 and

15 the spring of 2004 have not warranted an export of

16 U.S. eggs to Europe.

17 Do you remember that period of time

18 in which USEM was not exporting eggs?

19 A Yes.

20 Q Because of the higher-than-normal egg

21 prices in the U.S.?

22 A Higher-than-normal prices -- oh, the

23 higher prices were in Europe, wasn't it?

24 Q Let me read it again. Higher-than-normal

25 egg prices in the U.S. during the period of

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1 February 2003 and the spring of 2004 have not

2 warranted an export of U.S. eggs to Europe.

3 A You're correct.

4 Q Do you remember that period of time,

5 because you wouldn't have been required to implement

6 exports?

7 A Correct.

8 Q Right?

9 A Correct.

10 Q Then in the next paragraph, While egg

11 prices have sharply declined in the U.S., and should

12 warrant an export, we find that supplies within the

13 European Union countries has been more than

14 sufficient to meet demands.

15 Did I read that correctly?

16 A You did, yes.

17 Q Now, if you could, also in this document,

18 the next one over is 825, CM825.

19 A Yes.

20 Q Actually, that's not the -- it's CM827.

21 And this appears to be, again, another form

22 membership agreement that would have been included

23 in the materials for the October 2004 annual

24 meeting, correct?

25 A That's what it appears, yes, sir.

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1 Q And if you would, under Membership Dues,
 2 the agreement says, UEP members may become USEM
 3 members by committing to the following export
 4 program without payment of additional membership
 5 fees, correct?
 6 A That's what it says, yes.
 7 Q So it doesn't appear that this change to
 8 the agreement allowing dues to be assessed on top of
 9 UEP dues has been implemented as of the end of 2004,
 10 correct?
 11 A That's what it appears.
 12 Q Let me show you --
 13 (Exhibit Blizzard 32 was marked
 14 for identification.)
 15 BY MR. STUEVE:
 16 Q Exhibit 32, I'll show you what's been
 17 marked as Exhibit 32.
 18 Can you tell me, this appears to have
 19 been produced by United Egg Producers, and it's
 20 1405. It says it's an invoice that's sold to United
 21 Egg Producers and then shipped to Nelson Poultry,
 22 call for directions, Manhattan, Kansas.
 23 Do you see that?
 24 A I do.
 25 MS. SUMNER: Object to the form of that.

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1 BY MR. STUEVE:
 2 Q It's dated April 30, 2006.
 3 A I see it.
 4 Q You would have been the egg trader at that
 5 time, correct, for UEP?
 6 A Yes. But this looks like it doesn't --
 7 it's not eggs. It's from Urban Forest Recyclers.
 8 Q I'm sorry. Yeah. Different -- I'm
 9 looking at a different thought in my head.
 10 Can you tell me -- can you tell me
 11 what this invoice reflects to you?
 12 A No, sir. I have no idea. It was not
 13 generated out of my office.
 14 Q Can you tell by the item number, though,
 15 based on your experience in the industry, what
 16 they're referring to there?
 17 A No, sir.
 18 Q You can confirm it does not appear to be
 19 an egg purchase; is that correct?
 20 A It does not appear to be.
 21 Q If you remember the question I had earlier
 22 about USEM purchasing supplies for its members, do
 23 you remember that USEM used to do that prior to --
 24 A Central purchasing, yes.
 25 Q And they would purchase, for example,

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1 crates for their members; is that right?
 2 A U.S. Egg Marketers did, yes, before
 3 September 2000.
 4 Q Then after September 2000, you weren't
 5 sure one way or the other whether United Egg
 6 Producers continued to do that; is that correct?
 7 MS. SUMNER: Object to the form.
 8 BY MR. STUEVE:
 9 Q Go ahead.
 10 A All I told you is that we did not bring
 11 central purchasing.
 12 Q Does this look like to you, though, to be
 13 an invoice with respect to a purchase by United Eggs
 14 of crates, or can you tell?
 15 A I cannot.
 16 Q Let's look at the next one.
 17 (Exhibit Blizzard 33 was marked
 18 for identification.)
 19 BY MR. STUEVE:
 20 Q Maybe this will clarify it. Exhibit 33,
 21 this is United Egg Producers' document concerning
 22 gray fibre flats; is that right?
 23 A That's what it reads, yes.
 24 Q And that number -- do you have an
 25 understanding as to what this invoice reflects?

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1 A That's what it says, gray fibre flats.
 2 Q This appears to be a document that
 3 reflects a sale between United Egg Producers to
 4 Nelson Poultry Farm concerning gray fibre flats; is
 5 that correct?
 6 A That's what it says.
 7 Q And this would have been in May of 2006;
 8 is that right?
 9 A And it's also from Iowa.
 10 Q Ma'am, if you could just answer my
 11 question. The invoice date is May of 2006; is that
 12 correct?
 13 A Yes.
 14 Q And in 2006, did United Egg Producers have
 15 a facility in Iowa?
 16 A Repeat it again, please.
 17 Q In 2006, did United Egg Producers have a
 18 facility in Iowa?
 19 A We had an office in Iowa, yes.
 20 Q And is that office still there?
 21 A No.
 22 Q When was it closed down?
 23 A The end of the year.
 24 Q The end of this past year?
 25 A Yes, sir.

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1 Q Who was in that facility?

2 A Linda Reickard.

3 Q Was she in that facility from September of

4 2000 up to the end of last year?

5 A Yes.

6 Q And has she now moved to the Georgia

7 headquarters?

8 A No.

9 Q She's no longer with the company?

10 A Correct. She retired.

11 Q And do you know where she lives?

12 A In Iowa.

13 (Exhibit Blizzard 34 was marked

14 for identification.)

15 BY MR. STUEVE:

16 Q If you could -- this is a communication

17 from Gene Gregory to Larry Seger and Jim Brock; is

18 that correct?

19 A That's what it appears to be.

20 Q And in the second to last paragraph there,

21 it says, Not since UEP assumed management of USEM in

22 2000 have USEM members ever been charged any

23 membership dues.

24 Did I read that correctly?

25 A You did.

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1 Q So would it be fair to say that this would

2 confirm that from September of 2000 up through at

3 least June of 2006, if you were a UEP member, you

4 could join USEM without paying any additional dues,

5 correct?

6 A It's just saying that USEM has not been

7 charged dues.

8 Q We've seen the agreement that specifically

9 says that if you're already paying UEP member dues,

10 you can join USEM without paying any additional

11 dues, correct?

12 A I need to look back and see on the

13 management agreements -- or excuse me, on the

14 membership agreements.

15 Q We've already been through several of

16 those. If you would, just listen to my question.

17 Can you confirm from this statement

18 that consistent with the agreements that we've

19 looked at, that from September of 2000 up through

20 June of 2006, USEM members who were also UEP members

21 paid no additional dues to USEM other than the dues

22 they had already paid to UEP, correct, according to

23 this document?

24 A According to this document, that's what it

25 says.

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1 Q And do you have any independent

2 recollection different than what's stated by Gene

3 Gregory, the senior vice president of UEP?

4 A I would say yes.

5 Q Do you have a different recollection?

6 A Oh, I thought you said do I agree with

7 Gene Gregory.

8 Q Do you agree with his statement, to the

9 best of your recollection?

10 A To the best of my recollection.

11 (Exhibit Blizzard 35 was marked

12 for identification.)

13 BY MR. STUEVE:

14 Q Showing you what's been marked as

15 Exhibit 35. If you would, if you could look down at

16 the bottom of the document, and this appears to be

17 an e-mail to you, right, Phyllis?

18 A That's what it looks like, yes.

19 Q Could you please forward NuCal's,

20 N-U-C-A-L-'-S, cost per dozen to participate in this

21 last export.

22 Do you see that e-mail?

23 A I do.

24 Q And then the next one above says, Wayne,

25 I've chosen to respond rather than Phyllis doing so.

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1 The cost is big, so sit down before you see this and

2 fall over.

3 Do you remember this communication?

4 A I mean, it's been seven years.

5 Q I'm just asking, do you remember this,

6 because this was an export order that was placed by

7 USEM in which there were substantial losses

8 incurred, correct?

9 A I see it in print, yes, sir.

10 Q And it says, Keep in mind that the Midwest

11 large quote rose by 40 cents per dozen during the

12 period of this export, so your companies made a lot

13 of money on this export.

14 Did I read that correctly?

15 A You did.

16 Q What he was indicating to NuCal Foods is

17 that because of the export, domestic prices rose

18 40 cents per dozen and, therefore, NuCal and all

19 other UEP members benefited because of that increase

20 in domestic prices, correct?

21 MS. SUMNER: Object to the form.

22 THE WITNESS: It's what's in print.

23 BY MR. STUEVE:

24 Q Am I understanding it correctly?

25 A To the best of my knowledge, yes, sir.

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1 Q So then he was indicating to him try to
 2 remember that as you calculate your cost to
 3 participate, right?
 4 A That's what it says.
 5 Q Do you know, in November of 2006, how many
 6 UEP members were located in the State of Kansas?
 7 A UEP members?
 8 Q Mm-hmm.
 9 A In 2006?
 10 Q Right.
 11 MS. SUMNER: Again, she's not here as the
 12 UEP witness, but if she knows, she can answer
 13 the question.
 14 THE WITNESS: Only two I can recall would
 15 be Nelson and Cal-Maine.
 16 MR. STUEVE: Why don't we take a break
 17 here. I'm going to -- give me about five
 18 minutes. I'm going to go through these
 19 remaining documents and look at my categories
 20 here. I can kind of tell you how much more
 21 I've got.
 22 (Brief recess.)
 23 (Exhibit Blizzard 36 was marked
 24 for identification.)
 25 BY MR. STUEVE:

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1 Q We're back on the record. Let me show you
 2 what's been marked as Exhibit 36.
 3 Can you confirm that this is a
 4 document on UEP letterhead issued to USEM members
 5 from Linda Reickard, and it indicates that The
 6 United States Egg Marketers, USEM, held their 2006
 7 annual meeting in San Antonio in October and for the
 8 first time voted to assess each member a small
 9 membership fee for 2007.
 10 Did I read that correctly?
 11 A You did.
 12 Q This small fee of 120 [sic] cent per layer
 13 will allow USEM to pay United Egg Producers the same
 14 management fee as in past years since UEP assumed
 15 USEM management.
 16 Did I read that correctly?
 17 A Yes. It's one-twentieth.
 18 Q One-twentieth cent per layer?
 19 A Yes.
 20 Q Does that refresh your recollection that
 21 it was not until 2007 that any dues were assessed
 22 USEM members in addition to their UEP dues?
 23 A According to this letter, it does, yes.
 24 (Exhibit Blizzard 37 was marked
 25 for identification.)

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1 BY MR. STUEVE:
 2 Q I'll show you what's been marked as
 3 Exhibit 37. Can you confirm that this was a
 4 communication from Gene Gregory to United States Egg
 5 Marketers dated November 22, 2006?
 6 A That's what it looks like. It's on U.S.
 7 Egg Marketers' letterhead.
 8 Q And then there's a bullet point number 1
 9 where he's referencing the Urner Barry Midwest large
 10 quote increased by 40 cents per dozen during the
 11 period of filling this export.
 12 He concludes the paragraph by
 13 stating, We must conclude that this export provided
 14 major financial benefits.
 15 Did I read that correctly?
 16 A That is what it says.
 17 Q And then he says, since -- next bullet
 18 point, Since UEP assumed the management of USEM in
 19 the fall of 2000, we sold five sizable exports prior
 20 to the recent sale.
 21 He goes on to identify his analysis
 22 and concludes by stating, We must therefore conclude
 23 that this recent export was a major financial boost
 24 to all shell egg producers that market eggs at
 25 prices in relationship to the Urner Barry benchmark

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1 quote.
 2 Did I read that correctly?
 3 A That's what it says, yes.
 4 Q As of November 22, 2006, do you know how
 5 many shell egg producers were located -- who were
 6 members of UEP were located in the State of Kansas
 7 or had facilities in the State of Kansas that would
 8 have benefited from the increase in market prices as
 9 a result of the USEM export program?
 10 A I'd have to look at my records to see
 11 years, for which years.
 12 Q And if you would, on the last bullet
 13 point -- excuse me. First bullet point on the
 14 second page of this Exhibit 37, it says, Now I
 15 realize that egg producers don't want to listen to
 16 staff's problems, and their message is just get the
 17 job done. We, however, wish to acknowledge the
 18 workload when a job this size comes along. Keep in
 19 mind that an export takes a hundred percent of
 20 Phyllis Blizzard's time. While she is handling all
 21 the export details, she cannot be trading eggs for
 22 the clients she regularly works with.
 23 Do you believe that that -- those
 24 statements were accurate at the time they were made
 25 by Mr. Gregory?

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1 A To the best of my knowledge, yes.

2 Q Can you confirm that Exhibit 37, if you

3 look at the lower corner, it's the Bates range --

4 this was produced by Cal-Maine and faxed to

5 Cal-Maine, from United Egg Producers?

6 A I'm sorry. I missed that.

7 Q If you look up here on Exhibit 37, the

8 top, it has United Egg Producers and it has a fax

9 number.

10 A Yes.

11 Q And then at the bottom, you'll note that

12 the "CM," which I can represent for the record are

13 documents produced by Cal-Maine.

14 A I see what you mean now. Yes.

15 Q And they would have been a USEM member in

16 November of 2006, correct?

17 A Cal-Maine was a member in 2006.

18 Q Again, let me show you what's been marked

19 as Exhibit 38.

20 (Exhibit Blizzard 38 was marked

21 for identification.)

22 BY MR. STUEVE:

23 Q Can you confirm, again, that this is a

24 document that was sent out to USEM members, and it

25 was, if you see the fax line again, from United Egg

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1 Producers up there; is that right?

2 A That's what it says, yes, sir.

3 Q And it was sent by Gene Gregory, who would

4 have been the senior VP of United Egg Producers; is

5 that correct?

6 A Yes, sir.

7 Q And in the paragraph there, the second to

8 last, says, The reason for taking an export is to

9 improve U.S. domestic market conditions.

10 Did I read that correctly?

11 A Yes.

12 Q Now --

13 (Exhibit Blizzard 39 was marked

14 for identification.)

15 BY MR. STUEVE:

16 Q Those improved market conditions in the

17 United States, the domestic market conditions he's

18 referring to there as far as improved, those would

19 have benefited UEP members that were located in the

20 state of Kansas, correct?

21 MS. SUMNER: Object to the form.

22 MR. STUEVE: You can read back the

23 question, please.

24 Let me just rephrase it.

25 BY MR. STUEVE:

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1 Q Referencing, in Exhibit 38, the statement

2 by Mr. Gregory that The reason for taking an export

3 is to improve U.S. domestic market conditions.

4 Did I read that correctly?

5 A You did.

6 Q And that would benefit egg producers who

7 are members of the UEP located in the State of

8 Kansas, correct?

9 A To the best of my knowledge.

10 Q Now, Exhibit 39, I just wanted to show

11 that document to you. This is United Voices

12 edition; is that correct?

13 A Yes, sir, appears to be.

14 Q Dated November 30, 2006?

15 A Yes.

16 Q And would this refresh your recollection

17 as to when Al Pope stepped down as the UEP

18 president?

19 A Yes, it does.

20 Q And then under the next -- and that would

21 have been on or about the end of 2006; is that

22 correct?

23 A It looks like it says, The new team will

24 be announced soon and will take effect February 1.

25 But I'm trying to find where it

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1 says --

2 Q The new team you're talking about will be

3 announced soon and will take effect February 1 of

4 2007?

5 A Yes.

6 Q Is that the best of your recollection when

7 he stepped down and Mr. Gregory took over as

8 president?

9 A It could be. I really am not sure.

10 Q "Big Apology" is the next section there.

11 It says, The last issue of United Voices included a

12 list of all the United States Egg Marketers members

13 that supported and paid for the recently shipped

14 shell egg export.

15 Did I read that correctly?

16 A That's what it says, yes, sir.

17 Q And was that the practice, to identify all

18 those folks, USEM members who participated in the

19 United Voices edition following the export?

20 A It was the editor's privilege.

21 Q But was that the practice as far as you

22 knew?

23 A I would imagine sometimes it was; and

24 sometimes it was not used.

25 Q And he goes on to say, For some reason we

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1 failed to include Center Fresh Egg Farm of Sioux
 2 Center, Iowa, among the USEM member list.
 3 Did I read that correctly?
 4 A Yes.
 5 Q In the last paragraph, he states, We
 6 should also like to acknowledge that Creighton Bros.
 7 of Warsaw, Indiana, provided financial support and
 8 R.W. Sauder of Lititz, Pennsylvania, provided a few
 9 loads of eggs at the export sale price.
 10 A That's what it says.
 11 Q Those would have been non-USEM members who
 12 would have participated in the export program,
 13 correct?
 14 A To the best of my knowledge, yes, sir.
 15 (Exhibit Blizzard 40 was marked
 16 for identification.)
 17 BY MR. STUEVE:
 18 Q Let me show you what's been marked as
 19 Exhibit 40. This is dated December 21, 2006. It's
 20 from Gene Gregory. He -- it's identified who the
 21 recipients are. You are cc'd on it; is that
 22 correct?
 23 A That's what it appears.
 24 Q And then it states that, During today's
 25 conference call, you asked for a list of producers

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1 that are not USEM members that should be encouraged
 2 to help support the export delivery in January. We
 3 hope you will make phone calls to the following.
 4 So this is a communication from Gene
 5 Gregory of UEP to several members of UEP requesting
 6 that they go out and contact non-USEM members but
 7 UEP members to have them participate in the export
 8 report that's supposed to occur in January; is that
 9 correct?
 10 A That's what it appears to be.
 11 Q And did you also attempt to make contact
 12 with these folks?
 13 A Me, Phyllis Blizzard?
 14 Q Yes.
 15 A No.
 16 (Exhibit Blizzard 41 was marked
 17 for identification.)
 18 BY MR. STUEVE:
 19 Q I am going to show you what's been marked
 20 as Exhibit 41. This is the United States Egg
 21 Marketers export committee conference call
 22 December 21, 2006, the minutes.
 23 And these are the export committee
 24 meeting conference calls that you had been talking
 25 about earlier, correct?

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1 A That's what it appears to be.
 2 Q And this would be an example of the
 3 minutes that were taken during those export
 4 committee meetings?
 5 A Yes, sir.
 6 Q It identifies an export order that was
 7 going to be taking place, and then it says in the
 8 paragraph starting it, It was suggested that
 9 nonmembers of USEM should be contacted seeking their
 10 support.
 11 Do you know how often that occurred?
 12 A What's that, sir?
 13 Q That the USEM would solicit non-UEP
 14 members to participate in their export program.
 15 Non-USEM members, excuse me.
 16 Let me back up. Do you know how
 17 often UEP members were -- that were not USEM members
 18 were solicited to participate in USEM export
 19 programs?
 20 A I do not. But they were non-USEM members,
 21 they were always trying to encourage new members.
 22 Q And that we saw that through the United
 23 Voices document earlier, correct?
 24 A That's our cheerleader, yes, sir.
 25 Q And that those efforts to expand the

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1 membership of USEM would have been received by UEP
 2 members located in the State of Kansas, correct?
 3 A This is the list that they encouraged.
 4 Q My question was, we were talking about the
 5 United Voices, the efforts through United Voices to
 6 recruit USEM members. Do you remember my question
 7 along --
 8 A Mm-hmm.
 9 Q That those United Voice editions that
 10 contained language encouraging UEP members to join
 11 USEM would have been received by UEP members located
 12 in the State of Kansas, correct?
 13 A I don't see how it could have been
 14 avoided.
 15 (Exhibit Blizzard 42 was marked
 16 for identification.)
 17 BY MR. STUEVE:
 18 Q Showing you what's been marked as
 19 Exhibit 42. This appears to be the Membership
 20 Agreement and Export Commitment that was modified in
 21 2007 that contains the one-twentieth-cent-per-layer
 22 provision for dues; is that correct?
 23 A That's what it says.
 24 Q And is that one-twentieth-cent-per-layer
 25 dues language contained in the current membership

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1 agreement being used by USEM?

2 A No.

3 Q Has there been a subsequent modification

4 since 2007?

5 A Yes.

6 Q And when did that occur?

7 A In 2010, if I'm not mistaken, and then

8 again.

9 Q And in 2010, what change occurred to the

10 USEM agreement?

11 A It was -- it was the membership

12 application. I think I've gotten that confused

13 again.

14 Q Do you know, though, if the dues

15 obligations for USEM members reflected in this 2007

16 agreement, of section 2, whether or not that has

17 been modified since 2007?

18 A Yes.

19 Q And you believe that occurred in 2010?

20 A Yes, late 2009 or 2010.

21 Q And what was the modification made?

22 A It was two-tenths of a cent.

23 Q And then since that time, has section 2 of

24 the membership agreement been modified?

25 A Yes.

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1 Q And when did that occur?

2 A I'm not sure of the date, but it has been.

3 Q And has the dues amount increased?

4 A No.

5 Q Was it reduced?

6 A It was reduced.

7 Q To what?

8 A One-tenth.

9 Q Back down to one-tenth?

10 A Yes, sir.

11 Q Is that its current -- is that the current

12 language in the membership agreement, to the best of

13 your recollection, with respect to dues to USEM

14 members on top of UEP dues?

15 A USEM members dues, yes.

16 May I add something?

17 Q Sure.

18 A It's a hundred dollars per member per year

19 plus one-tenth of a cent.

20 Q When was that implemented?

21 A That was the one I was just saying, I

22 forgot the \$100.

23 Q Was that in -- is that in the most recent

24 one?

25 A The most recent.

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1 Q That would have been modified in --

2 A It's not in print. It was by -- on a U.S.

3 Egg Marketers Board meeting.

4 Q And how was that communicated to members?

5 A It was not communicated out of my office.

6 I think it was communicated out of Linda's.

7 Q But was it communicated in the United

8 Voices?

9 A No, sir, not to my knowledge.

10 Q Was there a direct communication via

11 letter or e-mail?

12 A I think so, yes, sir.

13 Q Do you --

14 A But I --

15 Q Do you remember seeing a document that

16 reflected that change in any documents reviewed in

17 preparation of your deposition today?

18 A No, sir.

19 (Exhibit Blizzard 43 was marked

20 for identification.)

21 BY MR. STUEVE:

22 Q Showing you what's been marked as

23 Exhibit 43. I want to direct your attention

24 specifically to the USEM exports. It says, Larry

25 Seger and Phyllis Blizzard provided a report and

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1 assessment of the November export and the one

2 currently being filled in January.

3 Did I read that correctly?

4 A You did.

5 Q A graph was presented showing that the

6 November export had increased egg prices by about

7 15 cents during November and December.

8 Did I read that correctly?

9 A You did.

10 Q And do you remember assisting in the

11 preparation of that graph?

12 A No, sir.

13 Q Do you remember presenting the graph?

14 A I believe it was in the folder.

15 Q And that increase by about 15 cents during

16 the November and December time frame would have

17 benefited PEC members located in the State of

18 Kansas -- excuse me -- UEP members in the State of

19 Kansas?

20 A I assume so.

21 Q Now, Phyllis Blizzard reported on some of

22 the complications involved with the January export.

23 What was that?

24 A There's always issues with export

25 transportation. USDA, you name it.

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1 (Exhibit Blizzard 44 was marked
2 for identification.)

3 BY MR. STUEVE:

4 Q Showing you what's been marked as
5 Exhibit 44. These are United States Egg Marketer
6 Inc.'s Objections and Responses to Plaintiff's First
7 Request for Admissions to Defendant UEP and USEM.

8 Do you see that?

9 A I do.

10 Q Do you know who on behalf of USEM assisted
11 in the preparation of this, the responses of USEM?

12 A It would be some of the staff, and I went
13 through everything also.

14 Q Who on the staff assisted?

15 A I would say Linda Reickard, and I would
16 say Sherry Shedd and...

17 Q Who else?

18 A I just went through all the records.

19 Q Did you -- when you say you went through
20 all the records, what are you referring to?

21 A My export records.

22 Q Who did you provide the information that
23 you reviewed to?

24 A To Pepper Hamilton, my counsel.

25 Q Did you review the answers that were

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1 provided on behalf of USEM to the request for
2 admissions?

3 A Did I review them?

4 Q Yes.

5 A Yes, sir.

6 Q And where did you review them? Were you
7 in your offices in Georgia or here?

8 A In Georgia.

9 Q And did you review those, did you -- how
10 much time did you spend reviewing them; do you
11 recall?

12 A No, sir, I do not.

13 Q But you did review them and you did
14 authorize them, is that correct, on behalf of USEM?

15 A On the part of USEM, yes. If I signed
16 this, I did. Wait a minute.

17 Q I'm not asking you whether you signed it
18 or not. I want to confirm that you, on behalf of
19 USEM, authorized the responses that are contained in
20 here at the request for admissions?

21 A Yes, sir, to the best of my knowledge.

22 Q Now, the staff that you identified, those
23 would have been UEP staff, correct?

24 A Yes.

25 Q And what about Chad Gregory or Gene

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1 Gregory?

2 A Gene Gregory was also consulted, yes, sir.

3 Q With respect to the answers to the
4 requests for admissions?

5 A We looked through them, yes.

6 Q If you would, turn back to Exhibit No. 1.

7 A (Witness complies.)

8 Q Could you look at topic number four.

9 A (Witness complies.)

10 Q We've -- topic number four is USEM's
11 membership including members located in the State of
12 Kansas and/or members who have facilities or
13 transact business in the State of Kansas.

14 We've identified Nelson Poultry as a
15 member of USEM that was located in the State of
16 Kansas. It was Manhattan, Kansas, correct?

17 A Yes, you did.

18 Q Are there any other members of USEM that
19 were headquartered in the State of Kansas that
20 you're aware of?

21 A I am not aware of any, no, sir.

22 Q Then it says -- this next part of this is
23 for members who have facilities in the State of
24 Kansas. We've identified Cal-Maine's two
25 facilities, correct?

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1 A Yes, sir.

2 Q Are there any other USEM members that have
3 facilities located in the State of Kansas?

4 A Not to the best of my knowledge, no, sir.

5 Q During the relevant time period?

6 A Yes, sir.

7 Q What I mean by that is September of 2000
8 up to the present. I'm focusing my questions on
9 that time frame.

10 A Yes, sir.

11 Q And then do you know what members of USEM
12 would have transacted business in the State of
13 Kansas?

14 A No, sir.

15 Q Did you attempt to determine that in
16 preparation for your testimony in response to topic
17 number 4?

18 A This is in regards to U.S. Egg Marketers
19 membership?

20 Q Mm-hmm.

21 A That's when I went back and checked all
22 the paperwork.

23 Q Right. What I'm asking you, though, is,
24 did you attempt to determine what USEM members would
25 have transacted business in the State of Kansas in

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1 preparation for topic number 4?

2 If you did not, that's fine. I just

3 need an answer.

4 A I know.

5 You mean did I investigate this is

6 what you're saying?

7 Q Yes.

8 A To the best of my knowledge, I did, yes,

9 sir.

10 Q What did you do to investigate whether

11 USEM members ever transacted business in the State

12 of Kansas?

13 A I do not recall.

14 Q Number 5: USEM's role in organizing

15 exports, including organizational coordination with

16 USEM members located in the State of Kansas.

17 Let's stop there. We've identified

18 several documents concerning the coordination by UEP

19 of exports that involved allocations to Nelson

20 Poultry, correct?

21 A Excuse me. But you said UEP exports.

22 Q Well, let me rephrase it. We've looked at

23 several documents involving USEM exports in which

24 Nelson Poultry of Kansas contacted UEP and had them

25 purchase eggs so that Nelson Poultry of Kansas could

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1 fulfill its commitment to USEM under its membership

2 agreement with USEM, correct?

3 A Yes.

4 Q Other than those documents that we looked

5 at, are you aware of any other documents in which a

6 member of USEM located in the State of Kansas would

7 have been participating in a USEM export program?

8 A Not to the best of my knowledge.

9 Q Now, with respect to this next part of

10 topic 5, if you -- did you attempt to determine what

11 level of participation of USEM members that had

12 facilities in the State of Kansas, as far as their

13 level of participation in a USEM export program?

14 A Say that one more time, please.

15 Q Yes. Did you attempt to investigate what

16 extent USEM members who have facilities in the State

17 of Kansas participated in USEM export, USEM exports?

18 A Yes. That was the document checking that

19 I did to see if there was any -- any location in

20 Kansas that packed eggs.

21 Q And what period of time did you check that

22 for?

23 A I checked all my records.

24 Q And what period of time did that cover?

25 A It covered late 2000 to 2008.

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1 Q What about after 2008, did you do any

2 checking for '08 afterwards?

3 A No, sir.

4 Q Where would you go if you wanted to check

5 that? What records would you look at?

6 A My storage room.

7 Q Now, topic number 6, The egg exports

8 organized or coordinated -- I skipped the last

9 section here. I'm sorry.

10 On number 5, what investigation did

11 you undergo to determine whether or not USEM members

12 who transact business in the State of Kansas would

13 have participated in a USEM program?

14 A Isn't that the same thing?

15 Q Is that how you interpreted it?

16 A Will you repeat the question, please.

17 Q Yes. What level of investigation, if any,

18 did you undertake to determine whether USEM members

19 who transact business in the State of Kansas

20 participated in a USEM export?

21 A I would do the same thing. I would look

22 at the records to see if there was any business

23 transacted that came out of the State of Kansas.

24 Q Now, Cal-Maine has a couple facilities in

25 the State of Kansas, correct?

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1 A Yes, sir.

2 Q And Dolph Baker of Cal-Maine is, in fact,

3 in charge of the export program?

4 A At this time, yes, sir.

5 Q Is that correct?

6 A Yes, sir.

7 Q Number 6, The egg exports organized were

8 coordinated by USEM, including whether any eggs or

9 hens producing those eggs originated in Kansas, were

10 provided by USEM members located in the State of

11 Kansas and/or were provided by USEM members who have

12 facilities or transact business in the State of

13 Kansas.

14 Have you testified to the extent of

15 your investigation in response to topic number 6?

16 A To the best of my knowledge, yes, sir.

17 Q Number 7: The financial obligations for

18 egg exports organized or coordinated by USEM,

19 including the financial obligations for any moving

20 defendants, any USEM members located in the State of

21 Kansas, and/or any USEM members that have facilities

22 or transact business in the State of Kansas.

23 Do you see that topic?

24 A I do.

25 Q Would -- you mentioned earlier your

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1 export, the summary of exports that have occurred
 2 since, I think, early 2000.
 3 A Yes.
 4 Q You have a Word document.
 5 Would that document reflect all USEM
 6 members who would have participated in any of the
 7 USEM export trades during that time period?
 8 A They should.
 9 Q And you believe you've provided that to
 10 counsel?
 11 A Yes, sir.
 12 Q Do you know when you provided it to them?
 13 A No, sir.
 14 Q Was it recently, or has it been some time?
 15 A They came in and made copies.
 16 Q Do you know when approximately? Was it
 17 several months ago or recently?
 18 A No, sir, I don't know.
 19 Q Number 8: The exports organized or
 20 coordinated by USEM, including communications
 21 between USEM or UEP, on USEM's behalf and any moving
 22 defendants and USEM members located in the State of
 23 Kansas and/or any USEM members that have facilities
 24 or transact business in the State of Kansas.
 25 Did I read that topic correctly?

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1 A You did.
 2 Q Other than the summary document that you
 3 prepared on an ongoing bases that summarizes USEM
 4 exports, trades, and the participating USEM members,
 5 what additional documents would you look at if you
 6 wanted to determine, for example, the source of the
 7 eggs for those export trades?
 8 A The best source would be the paperwork.
 9 Q That you had summarized earlier?
 10 A Correct.
 11 Q Anything else that comes to mind other
 12 than what you summarized earlier that you'd look at?
 13 A No, sir.
 14 Q Topic number 9: Any business conducted by
 15 USEM or UEP on USEM's behalf in the State of Kansas
 16 with companies located in the State of Kansas and/or
 17 with companies that have facilities or transact
 18 business in the State of Kansas.
 19 Did I read that topic correctly?
 20 A You did.
 21 Q What efforts did you do to investigate
 22 responsive information to topic number 9?
 23 A Well, since I'm answering for U.S. Egg
 24 Marketers, I did the same thing and go to my
 25 paperwork to see exactly where the eggs came from.

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1 Q In addition to, though, the export trades,
 2 did you attempt to determine whether or not there
 3 was other business transacted by USEM or UEP on
 4 USEM's behalf in the State of Kansas with companies
 5 located in the State of Kansas?
 6 A All the documentation would have been in
 7 my export packets for every load.
 8 Q And there would have been no other
 9 business transacted other than export trades of USEM
 10 from 2000 to the present; is that correct?
 11 A To the best of my knowledge, yes, sir.
 12 Q Topic 10: Any facilities owned in the
 13 State of Kansas by USEM's officers, directors,
 14 agents and/or members.
 15 Did I read that topic correctly?
 16 A Mm-hmm.
 17 Q And we've identified Nelson Poultry?
 18 A Mm-hmm.
 19 Q We've identified Cal-Maine's facilities in
 20 the State of Kansas?
 21 A Yes, sir.
 22 Q Any other USEM's officers, directors,
 23 agents and/or members that have facilities in the
 24 State of Kansas to your knowledge?
 25 A Not to my knowledge.

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1 Q I want to make sure I understand your
 2 earlier testimony that with respect to your records,
 3 you stopped looking at records after 2008, is that
 4 correct, to determine this -- for example, the
 5 source of eggs or what entities would have
 6 participated in the egg export; is that correct?
 7 A No, that's incorrect. Yes, that's
 8 incorrect. Because we had something at the end of
 9 2012 and 2013.
 10 Q So I just want to be clear the time
 11 frame --
 12 A My fault, yes, sir.
 13 Q So it's my understanding you had packets
 14 that you looked at for export trades in the 2000
 15 through 2008 time period; is that correct?
 16 A Yes.
 17 Q What records do you -- did you look at in
 18 2009 with respect to USEM export trades?
 19 A We didn't have any export in 2009.
 20 Q Okay. And then what records did you look
 21 at for exports in 2010?
 22 A Neither did we have 2010.
 23 Q All right. What exports did you have in
 24 2011?
 25 A Nothing in 2011.

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1 Q So starting in 2009, you have not, you
 2 being USEM, has not executed a single export trade
 3 in '09, 2010, 2011; am I understanding you
 4 correctly?
 5 A To the best of my knowledge, yes, sir.
 6 Q And then what about 2012, did USEM engage
 7 in any export trades?
 8 A Yes.
 9 Q When?
 10 A At the end of 2012.
 11 Q What was that opportunity?
 12 A Mexico.
 13 Q Were you contacted in, being USEM,
 14 contacted in 2009, 2010, and 2011 by foreign buyers
 15 interested in buying eggs?
 16 A Yes, sir.
 17 Q And were those presented to the USEM
 18 export committee?
 19 A The USEM Board, to the best of my
 20 knowledge, yes, they were.
 21 Q And each time they were -- were they
 22 forwarded on to the USEM membership at any -- during
 23 any of those years, '09, 2010, 2011?
 24 A They were usually stopped at the Board.
 25 Q Do you know why?

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1 A No, sir. Price, I guess -- no, sir, I do
 2 not.
 3 Q And then in 2012, what were the
 4 circumstances that resulted in USEM placing an
 5 export order?
 6 A They came to us from Mexico to the Board
 7 and we exported 200 loads of eggs.
 8 Q And who participated as far as USEM
 9 members?
 10 A The USEM members.
 11 Q Was it a broad participation?
 12 A Yes, sir.
 13 Q Other than that transaction, any others?
 14 A There was a small one the very end of the
 15 year 2012, went over into January of 2013.
 16 Q Do you have a trade packet for those two
 17 transactions?
 18 A Yes, I do.
 19 MR. STUEVE: I have no further questions.
 20 I appreciate your time.
 21 MS. SUMNER: Why don't we take a short
 22 break so I can get my exhibits in order and
 23 take up less time.
 24 (Brief recess.)
 25 - - -

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1 EXAMINATION
 2 - - -
 3 BY MS. SUMNER:
 4 Q Ms. Blizzard, could you pull out
 5 Exhibit 29.
 6 A (Witness complies.)
 7 MR. STUEVE: Can you tell us what that is,
 8 please.
 9 MS. SUMNER: It's the document that has
 10 the Bates label 199928.
 11 MR. STUEVE: Is there a date on it?
 12 MS. SUMNER: It's a blank or a form United
 13 States Egg Marketers Membership Agreement and
 14 Export Commitment that has a year at the bottom
 15 of 2003.
 16 MR. STUEVE: Okay. Got it.
 17 BY MS. SUMNER:
 18 Q Sitting here today, Ms. Blizzard, are you
 19 able to tell whether the document that's been marked
 20 as Exhibit 29 is an actual membership agreement that
 21 was used by USEM?
 22 A No.
 23 Q How would you be able to tell whether the
 24 agreement had indeed been actually one that was used
 25 by USEM?

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1 A It would be filled out, dated and signed.
 2 Q Would you turn to Exhibit 16. This is the
 3 packet of United States Egg Marketers organizational
 4 meeting materials dated October 10, 2000.
 5 A (Witness complies.)
 6 Q And I would like to just direct your
 7 attention to about halfway through the document, the
 8 page that bears the Bates at the bottom UE297083,
 9 top of the document is labeled Members of USEM by
 10 Region.
 11 Do you see about halfway down, there
 12 is an entry for Cal-Maine Foods?
 13 A I'm looking. Sorry.
 14 Q It's in the Member column.
 15 A Oh, yes. Yes.
 16 Q Is there also a State column on this
 17 document?
 18 A Correct, yes.
 19 Q And what is the state that's identified
 20 with Cal-Maine Foods on this document?
 21 A Mississippi.
 22 Q I'd like you next to pull out Exhibit
 23 No. 15. This is the packet of egg trading -- UEP
 24 egg trading invoices.
 25 MR. STUEVE: I'm sorry. What exhibit?

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1 MS. SUMNER: It's Exhibit 15. It was the
 2 packet of UEP trading invoices that was
 3 compiled. It's a bunch of different Bates
 4 numbers.
 5 MR. STUEVE: Okay.
 6 MS. SUMNER: I'm just going to ask a quick
 7 question.
 8 MR. STUEVE: Okay. Go ahead.
 9 BY MS. SUMNER:
 10 Q Do any of the invoices in this packet
 11 that's been compiled and marked as Exhibit 15,
 12 Ms. Blizzard, relate to export trades that were done
 13 in connection with U.S. Egg Marketers exports?
 14 A No.
 15 Q Next I'd like to direct your attention to
 16 what was marked as Exhibit 8. This is the July 24,
 17 2000 UEP letter to the UEP Board of Directors that
 18 has attached to it a document entitled Management of
 19 United States Egg Marketers Provided by United Egg
 20 Producers.
 21 MR. STUEVE: What is the date on that
 22 again?
 23 MS. SUMNER: July 24, 2000.
 24 THE WITNESS: (Witness complies.)
 25 BY MS. SUMNER:

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1 Q I'd like to direct your attention to the
 2 second page of this document. It has the Bates
 3 65403 in the bottom right-hand corner.
 4 I'd like to direct your attention to
 5 item number 5, which when Mr. Stueve questioned you
 6 about these, he did not question you about that item
 7 number.
 8 I'd like you to read that for me.
 9 A Out loud?
 10 Q Yeah.
 11 A USEM would annually elect a Board of
 12 Directors from all members having signed an export
 13 commitment form.
 14 Q Ms. Blizzard, did that, in fact, occur
 15 after UEP assumed management of USEM?
 16 A Yes.
 17 Q Ms. Blizzard, to whom do you report in
 18 your capacity today as United States Egg Marketers'
 19 CEO?
 20 A To U.S. Egg Marketers Board of Directors.
 21 Q And to whom did Gene Gregory report in his
 22 capacity as U.S. Egg Marketers' president?
 23 A U.S. Egg Marketers Board of Directors.
 24 Q Did UEP ever merge into USEM?
 25 A Absolutely not.

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1 Q And did USEM ever merge into UEP?
 2 A No.
 3 Q I'd like to direct your attention to
 4 what's been marked as Exhibit 11. This is the
 5 United States Egg Marketers, Inc., joint resolutions
 6 document.
 7 The second part of this document,
 8 Exhibit A, is an executed copy of the UEP/USEM
 9 management agreement.
 10 A (Witness complies.)
 11 Q I'd like to direct your attention in the
 12 agreement, which starts on the page Bates UE200096,
 13 to paragraph number 3 of the agreement, which is
 14 labeled Payment for Services.
 15 Do you recall discussing this
 16 paragraph with Mr. Stueve?
 17 A Yes.
 18 Q I'd like to direct your attention to
 19 the -- I believe you discussed the first couple of
 20 sentences, the sixth sentence that reads, All USEM
 21 income derived from export fees during the initial
 22 term will be retained by USEM in its bank account
 23 and available as needed to compensate UEP for
 24 management fees during future renewal periods.
 25 Did that, in fact, occur?

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1 A Yes.
 2 Q And did it occur after the initial term up
 3 through the present?
 4 A Yes.
 5 Q Has there ever been a time where USEM
 6 income derived from export fees was deposited into
 7 any bank account other than USEM's bank account?
 8 A No.
 9 Q I'd like to direct your attention to the
 10 next page of the management agreement, and
 11 specifically to paragraph number 5 entitled
 12 Membership.
 13 Do you recall discussing this with
 14 Mr. Stueve?
 15 A Yes.
 16 Q I'd like to direct your attention to the
 17 last sentence, which I don't believe you did
 18 discuss.
 19 MR. STUEVE: I'm sorry. Where are we at?
 20 MS. SUMNER: Paragraph 5, membership.
 21 BY MS. SUMNER:
 22 Q Second page, last sentence reads,
 23 Membership dues paid directly to USEM will be
 24 received in USEM's bank account.
 25 Did that, in fact, occur?

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1 A Yes.

2 MR. STUEVE: I'm going to object. Vague

3 as to time.

4 BY MS. SUMNER:

5 Q To the extent that USEM received

6 membership dues directly, were they deposited in

7 USEM's bank account?

8 A State that again, please. I'm sorry.

9 Q When USEM received membership dues

10 directly, so dues were paid directly to USEM, were

11 those dues deposited into United States Egg

12 Marketers' bank account?

13 MR. STUEVE: Let me object. That calls

14 for speculation on the part of this witness

15 based on her prior testimony.

16 BY MS. SUMNER:

17 Q You can go ahead and answer the question.

18 A Yes.

19 Q Were United States Egg Marketers' dues

20 ever deposited into any bank account other than U.S.

21 Egg Marketers' bank account?

22 MR. STUEVE: I am going to again object to

23 the form. Calls for speculation based on this

24 witness's prior sworn testimony.

25 THE WITNESS: Can you ask me the question.

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1 Say it again, please.

2 MS. SUMNER: Can you read back the

3 question.

4 - - -

5 (Whereupon, the Reporter read

6 back a preceding portion of the

7 testimony as directed:

8 "Q. Were United States Egg

9 Marketers' dues ever deposited

10 into any other bank account

11 other than USEM's bank

12 account?")

13 THE WITNESS: No.

14 MR. STUEVE: Again, I want -- you repeated

15 it. I assume I get the same objection.

16 MS. SUMNER: Same objection is fine.

17 I'd like to mark this document as

18 Exhibit 45.

19 (Exhibit Blizzard 45 was marked

20 for identification.)

21 BY MS. SUMNER:

22 Q Do you recognize this document,

23 Ms. Blizzard?

24 A Yes, I've seen it.

25 Q Can you tell me what this is?

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1 A It's an income statement for U.S. Egg

2 Marketers.

3 Q Were these income statements provided to

4 U.S. Egg Marketers members?

5 A Yes, they were placed in booklets for

6 their annual meetings.

7 Q And were they provided to the U.S. Egg

8 Marketers Board?

9 A Correct. Yes.

10 Q I'd like to direct your attention to the

11 top of the document where it says income and then

12 under that there are three line items, Interest,

13 Member Fees, and Sales-Eggs.

14 Do you see those?

15 A Yes, I do.

16 Q What is encompassed in the line item

17 Member Fees?

18 A That is member dues.

19 Q And what is the figure shown on this

20 statement in connection with the member dues?

21 A \$69,250.25.

22 Q And were those dues deposited into United

23 States Egg Marketers' bank account?

24 MR. STUEVE: I am going to object. Calls

25 for speculation on the part of this witness

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1 based on her prior sworn testimony.

2 THE WITNESS: Yes.

3 BY MS. SUMNER:

4 Q I'd like to direct your attention to the

5 next item on the income statement, it says

6 "sales-eggs."

7 A Yes.

8 Q Can you tell me what is encompassed in

9 that income line item?

10 A The total?

11 Q What is it?

12 A What does it mean?

13 Q What are the sales?

14 A U.S. Egg Marketers' sales on eggs for an

15 export.

16 Q What is the figure next to that line item?

17 A \$9,205,931.33.

18 Q I'd like you to pull out Exhibit 9 of the

19 documents that were marked previously. This is an

20 August 29, 2000 UEP memo.

21 A (Witness complies.)

22 Q I'd like to direct your attention to the

23 third to last page of the document, has the Bates

24 65346, UE. It's labeled United States Egg Marketers

25 Membership Agreement and Export Commitment.

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1 Sitting here today, Ms. Blizzard, can
 2 you tell whether this is a final membership
 3 agreement that was used by U.S. Egg Marketers?
 4 A It is not.
 5 Q How would you be able to tell whether it
 6 was a final one?
 7 A If it were signed and dated.
 8 Q Can you pull out Exhibit 6, please.
 9 A (Witness complies.)
 10 Q This is the May 30, 2000 memo to the UEP
 11 export committee. Have you seen this document,
 12 Ms. Blizzard, ever before your deposition today?
 13 A Yes.
 14 Q You had?
 15 A It's been a long time.
 16 Q Whose document is this?
 17 A It's UEP's, and it's from Gene.
 18 Q And were you at -- were you an employee of
 19 UEP at the time this document was created?
 20 A No, ma'am.
 21 Q And were you on the call that was being
 22 discussed in the document?
 23 A No, ma'am.
 24 (Exhibit Blizzard 46 was marked
 25 for identification.)

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1 BY MS. SUMNER:
 2 Q I've marked this as Exhibit 46.
 3 Ms. Blizzard, can you take a look at the document
 4 that's been marked as Exhibit 46 and tell me if you
 5 recognize the document. Do you know what it is?
 6 A Just simply says it's the Report of
 7 Nominating Committee for U.S. Egg Marketers.
 8 Q And what is the date on the document?
 9 A October 2005.
 10 Q Did United States Egg Marketers have a
 11 nominating committee in 2005?
 12 A According to this, yes.
 13 Q Does the U.S. Egg Marketers Board vote on
 14 the management fee that it pays to UEP?
 15 A Yes.
 16 Q And does it vote on that every year?
 17 A Yes.
 18 MR. STUEVE: I'm sorry. I didn't catch
 19 that last question.
 20 - - -
 21 (Whereupon, the Reporter read
 22 back a preceding portion of the
 23 testimony as directed:
 24 "Q. Does the U.S. Egg Marketers
 25 Board vote on the management fee

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1 that it pays to UEP? Yes. And
 2 does it vote on that every
 3 year?"
 4 MR. STUEVE: Hold on a second. US Egg
 5 Marketers, okay.
 6 (Exhibit Blizzard 47 was marked
 7 for identification.)
 8 BY MS. SUMNER:
 9 Q Ms. Blizzard, do you recognize this
 10 document?
 11 A I have seen it, yes.
 12 Q Was the fee that U.S. Egg Marketers pays
 13 UEP for management increased from \$50,000 to \$75,000
 14 in 2008?
 15 A Yes.
 16 Q And was one of the reasons that it was
 17 increased because of the cost of the marketing
 18 conference calls?
 19 MR. STUEVE: Objection. Calls for
 20 speculation on the part of this witness based
 21 on her prior sworn deposition testimony.
 22 BY MS. SUMNER:
 23 Q You can go ahead and answer the question.
 24 A One of the reasons was, yes, because of
 25 the increased price of the conference calls.

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1 (Exhibit Blizzard 48 was marked
 2 for identification.)
 3 BY MS. SUMNER:
 4 Q Ms. Blizzard, can you take a look at the
 5 document that's been marked as Exhibit 48 and tell
 6 me if you recognize that document.
 7 A Yes.
 8 Q What is this document?
 9 A It's just my own personal log of exports.
 10 Q Is this the summary document of exports
 11 that you prepared that you spoke many times during
 12 today's deposition to Mr. Stueve about?
 13 A Yes.
 14 (Exhibit Blizzard 49 was marked
 15 for identification.)
 16 BY MS. SUMNER:
 17 Q Show you a document that's been marked as
 18 Exhibit 49. Ms. Blizzard, are these the U.S. Egg
 19 Marketers meeting minutes from the October 10, 2002,
 20 annual meeting?
 21 A Yes.
 22 Q Was there a membership report given at
 23 that meeting?
 24 A Yes.
 25 Q Did the membership report identify members

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1 that had left during that year and before
 2 October 10, 2002?
 3 A Yes.
 4 Q Can you read that list to me?
 5 A Creighton Brothers, Cypress Foods, Minnich
 6 Poultry, Nelson Poultry Company, Red Bird Egg Farm,
 7 and Wright County Egg Production.
 8 Q Did Nelson Poultry leave the U.S. Egg
 9 Marketers membership before October 2002?
 10 A Yes.
 11 Q Do you know exactly when they left?
 12 A No, I do not.
 13 MS. SUMNER: Mark the next document as
 14 Exhibit No. 50.
 15 (Exhibit Blizzard 50 was marked
 16 for identification.)
 17 BY MS. SUMNER:
 18 Q This is Exhibit 50. Ms. Blizzard, is this
 19 an export commitment list?
 20 A Yes.
 21 Q And are you able to tell which export this
 22 commitment list was prepared for?
 23 A It has a fax date of February 6, 2002.
 24 Q If you consult your summary export list
 25 that was just marked as an exhibit, the one you've

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1 been discussing with Mr. Stueve today, does that
 2 help you identify which export this commitment is
 3 for by looking at the number of loads committed?
 4 A It should, yes. Yes, it would be -- it
 5 would be the Primera Foods and Britovo. There's
 6 40 -- wait a minute. Total of 48 loads. That's it
 7 right there. And it was the one, at the bottom,
 8 that's dated February 6 through February 15, 2002.
 9 Q So this is for a February 2002 export?
 10 A Yes.
 11 Q And can you tell from looking at this list
 12 whether Nelson Poultry is still a U.S. Egg Marketers
 13 member at this time?
 14 A They are not on this list.
 15 Q Does that help you place the time when
 16 Nelson Poultry left U.S. Egg Marketers?
 17 MR. STUEVE: Objection. Calls for
 18 speculation on the part of this witness based
 19 on her prior sworn testimony.
 20 THE WITNESS: It would limit the time that
 21 they were in U.S. Egg Marketers.
 22 BY MS. SUMNER:
 23 Q And to what time period would it limit
 24 that time?
 25 A That they definitely went out before 2002,

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1 February of 2002.
 2 MR. STUEVE: I'll object to the answer.
 3 It calls for speculation on the part of this
 4 witness.
 5 MS. SUMNER: You can't object to the
 6 answer. You can object to the questions.
 7 MR. STUEVE: I can object to whatever I
 8 want to object to. But, anyway, I got my
 9 objection in. Thank you.
 10 BY MS. SUMNER:
 11 Q I'd like to mark a couple of other
 12 documents for you, Ms. Blizzard.
 13 (Exhibit Blizzard 51 was marked
 14 for identification.)
 15 BY MS. SUMNER:
 16 Q This is Exhibit 51. Is this another
 17 export commitment list?
 18 A I'm sorry. I missed the question.
 19 Q Is this an export commitment list?
 20 A That appears to be true, yes, ma'am.
 21 Q Can you tell me what export this
 22 commitment list was prepared in connection with? If
 23 you need to consult your summary...
 24 A It would have been October through the end
 25 of November, 2002. There were 250 loads of eggs to

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1 various places.
 2 Q And does Nelson Poultry appear on this
 3 export commitment list?
 4 A It does not.
 5 Q So sitting here today, do you believe that
 6 Nelson Poultry was a U.S. Egg Marketers member as of
 7 October 2002?
 8 MR. STUEVE: I am going to object. It
 9 calls for speculation on the part of this
 10 witness based on her prior sworn testimony.
 11 THE WITNESS: The question again.
 12 MS. SUMNER: Read it back.
 13 - - -
 14 (Whereupon, the Reporter read
 15 back a preceding portion of the
 16 testimony as directed:
 17 "Q. So sitting here today, do
 18 you believe that Nelson Poultry
 19 was a U.S. Egg Marketers member
 20 as of October 2002?")
 21 THE WITNESS: I do not.
 22 MS. SUMNER: I'd like to mark the next
 23 document as Exhibit 52.
 24 (Exhibit Blizzard 52 was marked
 25 for identification.)

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1 MR. STUEVE: I need to know what time,
 2 because I've got to go to the restroom. How
 3 much more do you have?
 4 MS. SUMNER: I think I'll be done in five
 5 minutes.
 6 (Discussion off the record.)
 7 BY MS. SUMNER:
 8 Q Ms. Blizzard, looking at Exhibit 52, is
 9 this an export commitment list?
 10 A Yes, it appears to be.
 11 Q And can you tell me what export it was
 12 prepared in connection with?
 13 A October through November of 2002 for
 14 250 loads.
 15 Q Is this the same export as Exhibit 51?
 16 A It appears to be, yes.
 17 (Exhibit Blizzard 53 was marked
 18 for identification.)
 19 BY MS. SUMNER:
 20 Q I'd like to show you another document
 21 that's been marked as Exhibit 53. My question is,
 22 is this also an export commitment list for that same
 23 October/November 2002 export?
 24 A Yes, it appears to be.
 25 Q Does Nelson Poultry appear on either of

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1 these lists, Exhibit 52 or Exhibit 53?
 2 A It is not on 53. It is not on 52.
 3 Q I'd like you to pull out what was
 4 previously marked as Exhibit 28.
 5 A (Witness complies.)
 6 MR. STUEVE: What is the date on that?
 7 MS. SUMNER: This is the November export
 8 pack or purchase, and it says in parens,
 9 Delivery November 2002.
 10 MR. STUEVE: Do you have Exhibit 28 or 20?
 11 MS. SUMNER: I have it marked as 28.
 12 THE WITNESS: This one.
 13 MS. SUMNER: 28. It's 28 in the witness's
 14 pile.
 15 MR. STUEVE: Okay.
 16 THE WITNESS: I see it.
 17 BY MS. SUMNER:
 18 Q Ms. Blizzard, after having now reviewed
 19 the exhibits that have been marked as Exhibit 48
 20 through 53, do you believe that this document,
 21 Exhibit 28, reflects Nelson Poultry's status as a
 22 U.S. Egg Marketers member as of November 2002?
 23 MR. STUEVE: I am going to object. Calls
 24 for speculation on the part of this witness
 25 based on her prior sworn testimony.

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1 THE WITNESS: It does not.
 2 MS. SUMNER: Why don't you take a quick
 3 break and I'll see what I've got.
 4 MR. STUEVE: I've got several, so...
 5 (Brief recess.)
 6 MS. SUMNER: Back on the record.
 7 BY MS. SUMNER:
 8 Q Ms. Blizzard, you talked with Mr. Stueve
 9 about the eggs that were exported to Mexico in
 10 2012-2013. Do you recall that?
 11 A I do.
 12 Q Were any of the eggs that were exported by
 13 U.S. Egg Marketers to Mexico in that 2012-2013 time
 14 period, were any of those produced in Kansas?
 15 A No.
 16 Q And how do you know that?
 17 A Because I went through all my records,
 18 every bit of my paperwork.
 19 Q And what did you review?
 20 A I looked at the USDA document and the
 21 certificate of origin.
 22 Q I'd like to take you back to the
 23 management agreement one more time. This is the --
 24 it's attached as Exhibit A to Exhibit 11.
 25 A Okay.

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1 Q This is the final signed management
 2 agreement between UEP and USEM, correct?
 3 A It appears to be.
 4 Q Is this agreement still in effect today?
 5 A To the best of my knowledge.
 6 Q Does it contain this final agreement
 7 between the parties, a paragraph entitled
 8 Independence of the Parties?
 9 A Does this document contain that?
 10 Q Yes. Can you read that paragraph into the
 11 record, please.
 12 A Both UEP and USEM are independent
 13 Capper-Volstead cooperatives and shall remain as
 14 such. USEM shall not function as a member or agent
 15 of UEP in any of its activities. UEP's sole
 16 function shall be to provide management services for
 17 USEM. UEP shall not participate in or have any
 18 responsibility for USEM activities or decisions in
 19 connection with its shell egg export or marketing
 20 conference call programs.
 21 Q Does that paragraph accurately reflect the
 22 parties' agreement?
 23 A Yes, ma'am.
 24 Q Does this document, this agreement between
 25 UEP and USEM also contain an independent contractor

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1 paragraph?

2 A Yes, it does.

3 Q And could you read that paragraph, please.

4 A USEM and UEP acknowledge and agree that

5 UEP shall be deemed to be an independent contractor

6 in the performance of services under this agreement

7 and shall not be considered or permitted to be an

8 agent, servant, employee, joint venture, or partner

9 of USEM.

10 Q Does that accurately reflect the parties'

11 agreement?

12 A Yes, ma'am.

13 Q And does it accurately reflect the

14 parties' actions under this management agreement?

15 MR. STUEVE: Objection. Calls for

16 speculation on the part of this witness.

17 THE WITNESS: Yes.

18 MS. SUMNER: Thank you. I have no further

19 questions.

20 - - -

21 EXAMINATION

22 - - -

23 BY MR. STUEVE:

24 Q Why don't we just start right there. You

25 recall, Ms. Blizzard, I asked you a very specific

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1 question about whether or not USEM has acted in

2 compliance with paragraph 9.

3 Do you remember those questions? I

4 asked you specifically about Mr. Gregory's

5 participation as a decision-maker as to which USEM

6 export trades would occur and would not occur.

7 Do you recall those questions I asked

8 of you in your testimony?

9 A Yes, I do.

10 Q And you're not recanting that testimony

11 now, are you?

12 A As president of UEP?

13 Q I'm asking you, are you recanting your

14 prior testimony to me earlier today --

15 A Would you mind repeating the question from

16 the beginning.

17 Q I'll repeat it. Are you recanting your

18 prior testimony today to me?

19 A I don't understand -- I know that's what

20 you're asking me. But I don't understand what I

21 agreed or disagreed to. If that question could be

22 asked to me again. I'm sorry.

23 Q Ms. Blizzard, there was an extensive break

24 after I completed my questioning and your counsel

25 began the questions of you. Did she review the

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1 questions she was going to ask of you?

2 A No, sir.

3 Q You had no idea what questions she was

4 going to ask of you; is that your testimony?

5 A Just now?

6 Q Yes.

7 A That is correct. I wasn't even with her.

8 Q What I want to know, though, is, you stand

9 by your testimony that you gave me earlier, correct?

10 A Could you repeat what I agreed to.

11 Q I'm just asking you, are you now changing

12 your testimony that you gave me earlier today under

13 oath?

14 A I'm sorry. I still do not know what I

15 said. So I guess I would be, to agree with this.

16 Q Ma'am, could you look at Exhibit 50.

17 A (Witness complies.)

18 Q Case volume for exports.

19 A Yes.

20 Q You remember I showed you documents

21 entitled Case Volume for Exports earlier today,

22 right?

23 A Yes.

24 Q You told me you didn't prepare those

25 documents, correct?

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1 A That is correct.

2 Q Did you prepare Exhibit 50?

3 A No.

4 Q And you're not changing that testimony

5 now, are you?

6 A No.

7 Q So you don't know whether Exhibit 50

8 reflects all of the USEM members that were in place

9 as of February of 2002, do you?

10 A This is a document that was not prepared

11 by me.

12 Q And so you don't know whether Exhibit 50

13 reflects all of the USEM members as of February of

14 2002, correct?

15 A This was prepared by Gene, so I do not

16 know.

17 Q Look at Exhibit 51.

18 A (Witness complies.)

19 Q It's another Case Volume for Export report

20 provided to you by USEM's counsel just earlier,

21 right?

22 A Yes.

23 Q You didn't prepare Exhibit 51, correct?

24 A I did not.

25 Q So you don't know, as of October 2002,

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1 whether or not Nelson Poultry was a member of USEM,
 2 correct?
 3 A I truly think it was a mistake on the
 4 list.
 5 Q That they should have been included?
 6 A No. Wait a minute. You're twisting me.
 7 Hold on. This reflects an export at the end of
 8 2000, and their name is not on there.
 9 Q Right. But what I'm asking is, number
 10 one, you didn't prepare this report, right?
 11 A Correct.
 12 Q So you don't know, based on this report,
 13 whether or not Nelson Poultry was, in fact, a member
 14 of USEM, correct?
 15 A I do not think they were.
 16 Q But you don't know based on Exhibit 51
 17 because you did not prepare the report, correct?
 18 A Yes.
 19 Q Now, Exhibit 52 was also put in front of
 20 you by USEM's counsel. It's another Case Volume for
 21 Export report that you did not prepare, correct?
 22 A That is correct.
 23 Q So you don't know, based on this document,
 24 whether or not USEM was, in fact -- excuse me --
 25 whether or not Nelson Poultry was a member of USEM

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1 as of the date this document was prepared, correct?
 2 A Because I did not make the document.
 3 Q And that testimony would be true also with
 4 respect to Exhibit 53, Case Volume for Export; that
 5 report you also did not prepare, correct?
 6 A Correct.
 7 Q Now, let's go look at Exhibit 28.
 8 A (Witness complies.)
 9 Q That's a document that has export pack or
 10 purchase and it, in fact, does identify Nelson
 11 Poultry Company, correct?
 12 A It does.
 13 Q And it also has a specific committed cases
 14 allocation to Nelson Poultry Company, correct?
 15 A But I did not prepare this.
 16 Q Answer my question. It has a specific
 17 allocation for Nelson Poultry Company of Kansas of
 18 145 committed cases, correct?
 19 A Correct.
 20 Q Now, I asked you earlier and I'll ask you
 21 again, because you didn't prepare this document, you
 22 can't tell for sure one way or the other whether
 23 Nelson Poultry Company was a member or not of USEM,
 24 correct?
 25 A Correct.

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1 Q Counsel for USEM did not put in front of
 2 you a document that identifies specifically when
 3 Nelson Poultry left USEM, did she?
 4 A No, sir.
 5 Q Let me -- if you could, Exhibit 45.
 6 A (Witness complies.)
 7 Q Counsel put in front of you the United
 8 States Egg Marketers' Income Statement for 2007; is
 9 that correct?
 10 A Correct.
 11 Q And you indicated that the sales-eggs were
 12 the revenues generated from export sales; is that
 13 correct?
 14 A Yes.
 15 Q Then there were member fees, right, of
 16 69,250, right?
 17 A Correct.
 18 Q Now, the membership fees would be
 19 consistent with the documents that I showed you that
 20 in -- effective January 1, 2007, for the first time,
 21 USEM charged its members dues above and beyond those
 22 collected by UEP, correct?
 23 A That's what it says, yes.
 24 Q Now, you also testified that starting in
 25 2009, that USEM conducted no export trades in 2009,

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1 correct?
 2 A Yes.
 3 Q So if we were to look at this income
 4 statement for 2009 next to the category
 5 "sales-eggs," the number would be zero, right?
 6 A Say that again.
 7 Q Yes. So the income statement for 2009 --
 8 This is 2007.
 9 Q Right, but this is the form that's used by
 10 USEM, right, for its income statement?
 11 A To the best of my knowledge.
 12 Q And if we were to look at the same form
 13 for 2009 for sales-eggs, that item under Income, the
 14 number would be zero, correct?
 15 A If you had one for 2009, to the best of my
 16 knowledge, yes.
 17 Q Because they didn't conduct a single
 18 export trade in '09, right?
 19 A To the best of my knowledge.
 20 Q So to the extent there was income, any
 21 income generated by USEM, it would be dues that may
 22 have been paid by USEM members in 2009; is that
 23 correct?
 24 A I would think so.
 25 Q All right. Now let's move forward to

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1 2010.

2 A Mm-hmm.

3 Q Again, these are income statements that

4 were not provided to you by USEM's counsel, but the

5 sales and eggs item number under Income for 2010

6 would be zero, correct?

7 A To the best of my knowledge, yes, sir.

8 Q And the only income that would have been

9 generated in 2010 by USEM would have been dues paid

10 by members, correct?

11 A To the best of my knowledge.

12 Q Now, in 2011, there were no USEM trades

13 that were conducted, correct?

14 A No exports, yes, sir.

15 Q So the number next to sales/eggs for 2011

16 for USEM would be zero, correct?

17 A Yes.

18 Q And the only income for USEM, to the

19 extent it had any, would be any dues that were paid

20 by USEM members; is that correct?

21 A Correct.

22 Q And do you know in 2012 -- you indicated

23 that there was a transaction conducted at the end of

24 2012?

25 A Yes, sir.

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1 Q Was there any income generated in 2012

2 from that trade?

3 A I would say so, sir, yes.

4 Q Do you know if there was a net positive

5 from that trade?

6 A I do not know.

7 Q Were there any dues collected in 2012?

8 A To the best of my knowledge, there was.

9 Q Let's back up to 2009. Do you know what

10 the amount of dues that were collected?

11 A No.

12 Q Were you responsible for the collection of

13 those dues?

14 A Me personally?

15 Q Right.

16 A No, sir.

17 Q Do you know how those dues were paid by

18 USEM members?

19 A Not without checking records, no, sir.

20 Q Do you know if they provided checks?

21 A If they paid dues, that's what they did.

22 Q Was there -- do you know if there was a

23 direct deposit availability?

24 A I do not know, sir.

25 Q So you had absolutely no involvement in

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1 the collection or the depositing of dues paid by

2 USEM members in 2009 into any account, either held

3 by UEP or USEM, correct?

4 A It would not have been in UEP. It would

5 have been in U.S. Egg Marketers.

6 Q Ma'am, I'm asking you a question. I'm

7 going to ask it again, and I want you to answer it.

8 - - -

9 (Whereupon, the Reporter read

10 back a preceding portion of the

11 testimony as directed:

12 "Q. So you had absolutely no

13 involvement in the collection or

14 the depositing of dues paid by

15 USEM members in 2009 into any

16 account, either held by UEP or

17 USEM, correct?")

18 THE WITNESS: I had no involvement

19 personally with that, that is correct.

20 BY MR. STUEVE:

21 Q All right. Now, so when you testified

22 under oath to a question from USEM's counsel that

23 you know that those dues, when they began to be

24 collected, were, in fact, deposited in a USEM

25 account, you don't have personal knowledge of that,

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1 do you, Ms. Blizzard?

2 MS. SUMNER: Objection. She's here as a

3 30(b)(6).

4 BY MR. STUEVE:

5 Q Answer my question.

6 A I get that from Sherry Shedd.

7 Q Answer my question.

8 - - -

9 (Whereupon, the Reporter read

10 back a preceding portion of the

11 testimony as directed:

12 "Q. Now, so when you testified

13 under oath to a question from

14 USEM's counsel that you know

15 that those dues, when they began

16 to be collected, were, in fact,

17 deposited in a USEM account, you

18 don't have personal knowledge of

19 that, do you, Ms. Blizzard?")

20 MS. SUMNER: Same objection. She's here

21 as a 30(b)(6) witness.

22 MR. STUEVE: That's not my question,

23 Counsel. You're confusing the witness.

24 MS. SUMNER: I don't think I'm confusing

25 the witness.

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1 MR. STUEVE: Yes, you are.

2 MS. SUMNER: You are.

3 MR. STUEVE: No, I'm not. It's a very

4 clear answer. Let her answer it.

5 Go ahead and read it back one more time.

6 For the record, I want the record to

7 reflect there have been numerous instances in

8 this deposition where, because of USEM's

9 counsel's objection, the witness pauses for

10 several minutes because she's not sure what

11 answer she should give.

12 MS. SUMNER: We vehemently disagree with

13 that. It's because the questions are confusing

14 and she doesn't understand them. And because

15 he injects her testimony or misstates her prior

16 testimony.

17 MR. STUEVE: I'm not misstating anything.

18 I am asking her a question.

19 Can you read her back the question.

20 BY MR. STUEVE:

21 Q And I ask you to answer the question for

22 me.

23 (Whereupon reporter re-read as requested.)

24 MS. SUMNER: Same objection.

25 THE WITNESS: I'm not an accountant. I

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1 don't have the checkbook. It goes into USEM's

2 account.

3 BY MR. STUEVE:

4 Q Ma'am, that's not my question. I'm going

5 to give you one more chance to answer it, and then

6 I'm going to move on. We'll let the judge decide

7 what we're going to do with your testimony.

8 MR. STUEVE: Read it back one more time.

9 (Whereupon reporter re-read as requested.)

10 THE WITNESS: Yes, I do.

11 BY MR. STUEVE:

12 Q What is the basis of your personal

13 knowledge that dues collected in 2009 were deposited

14 in a USEM account?

15 A Sherry Shedd has informed me of that.

16 Q Ma'am, that's not my question. In 2009 --

17 that is hearsay. I'm asking you, what is your

18 personal knowledge.

19 You did not deposit the funds in any

20 account, correct, in 2009?

21 A I do not have personal use of the

22 checkbook, that is correct.

23 Q And you did not take any, not a single

24 dues check from any USEM member in 2009 and deposit

25 it into any account, right? Is that correct?

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1 A Personally picked up the check and took it

2 to the bank, that is correct, I did not.

3 Q And, in fact, let's go back to 2007. Of

4 the 69,250 membership -- member fees that were paid,

5 did you personally deposit any of the checks that

6 resulted in those fees?

7 A No, I did not. Why would I?

8 Q And did you -- do you know whether it was

9 deposited in the account at USEM that UEP had

10 control over?

11 A How would I know that? This is what is

12 done. They deposit it in a U.S. Egg Marketers'

13 account. I've seen the checks.

14 Q You've seen what checks?

15 A U.S. Egg Marketers' checks. They're

16 separate.

17 Q You've seen the checks. I'm not asking

18 you questions about checks. I'm talking about the

19 dues fees that were on USEM members' checks that

20 were sent in to the offices of UEP; you were not

21 involved in the deposit of any of those funds in

22 2007, correct?

23 A I did not take the check to the bank, that

24 is correct.

25 Q Multiple checks, correct?

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1 A To the best of my knowledge, correct.

2 Q And so you don't know if they were

3 deposited in USEM's checking account, do you?

4 MS. SUMNER: Objection. At this point,

5 Pat, I mean, really you asked --

6 MS. LEVINE: Let her finish.

7 MS. SUMNER: You asked for a 30(b)(6)

8 witness. This was a topic she was to be

9 educated on, and you have now harassed her for

10 15 minutes about something you asked her to do.

11 She told you she talked to Ms. Shedd.

12 MR. STUEVE: She has told me just now.

13 MS. SUMNER: Mrs. Shedd told her, and now

14 you're harassing her because she --

15 MR. STUEVE: No, I am not.

16 MS. SUMNER: -- doesn't know personally.

17 That is unfair.

18 MR. STUEVE: I'm going to move on, but I'm

19 going to make a record here. I asked this

20 witness earlier, she gave me sworn testimony,

21 under oath, that she didn't know how the funds

22 were handled.

23 You then, after a long break, ask her

24 questions, and all of a sudden she is now

25 testifying that she knows for certain that

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1 those funds were deposited in a USEM account.
 2 That is improper.
 3 MS. SUMNER: Why don't you ask her if she
 4 talked to Ms. Shedd during the break.
 5 BY MR. STUEVE:
 6 Q Well, let me ask you that. Let's go
 7 there. First of all, though, I want the record to
 8 be clear, besides any communications that you may
 9 have had with a third party prior to today, you had
 10 no involvement, personal involvement, in the deposit
 11 of fees, membership fees paid by USEM members, you
 12 had no responsibility or participation in the
 13 depositing of those funds in a USEM or UEP account
 14 in 2007, 2008, 2009, 2010, 2011, and 2012; is that
 15 fair to say?
 16 A I did not take a check to the bank.
 17 Q In any of those years?
 18 A I did not take a check to the bank in any
 19 of those years.
 20 Q Now, counsel had indicated that you may
 21 have called Ms. Shedd after my questioning today and
 22 before counsel began her questions. Did you call
 23 her?
 24 A We called her, yes.
 25 Q Who is we?

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1 A Myself and counsel.
 2 Q I thought you just testified under oath
 3 that you didn't talk to counsel about the questions
 4 that she was going to ask you?
 5 A That one, I beg your pardon. That one.
 6 We asked about the wording on the --
 7 MR. STUEVE: So the reason why I didn't
 8 ask the witness whether or not she called
 9 anybody during the break is because the witness
 10 swore under oath that she didn't talk to
 11 counsel about the questions that she was going
 12 to ask.
 13 MS. SUMNER: Pat, ask her which counsel
 14 and ask her which break. Ask her which counsel
 15 and which break.
 16 BY MR. STUEVE:
 17 Q Let me ask you this: Did you speak with
 18 Ms. Shedd at some point today with counsel?
 19 A Yes. This last one (indicating).
 20 Q And when you say "this last one," what are
 21 you referring to?
 22 A The last break.
 23 Q And did you -- and this would have been
 24 before your counsel began to ask you questions; is
 25 that correct?

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1 A Yes, sir.
 2 Q And counsel was in the room; is that
 3 correct?
 4 A Yes, sir.
 5 Q And what question did you ask Ms. Shedd?
 6 A The definition of members fees.
 7 Q What else did you ask her?
 8 A That was members dues and that the sales
 9 of eggs was the U.S. Egg Marketers' sales.
 10 Q Did ask you her anything else?
 11 A Not to my knowledge, no, sir.
 12 Q Did she, during that conversation, tell
 13 you that the membership fees were deposited in a
 14 USEM account?
 15 A At that time?
 16 Q Yes. During that call.
 17 A No.
 18 Q At some point did she tell you that those
 19 fees were deposited in a USEM account?
 20 A No.
 21 Q All right. Have you ever had a
 22 conversation with Ms. Shedd about where the
 23 membership fees are deposited?
 24 A Yes.
 25 Q When?

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1 A In years past. I know they go into a U.S.
 2 Egg Marketers' account.
 3 Q That's not my question. When have you had
 4 a conversation with Ms. Shedd about where the funds
 5 are deposited?
 6 A Specifically a day?
 7 Q Yeah.
 8 A I cannot tell you. I do not know.
 9 Q Now, have you seen any bank accounts that
 10 reflect the deposit of membership fees in the bank
 11 accounts or bank account of either USEM or UEP?
 12 A I've seen a checkbook of USEM, and I sign
 13 checks on occasion.
 14 Q Okay. But other than signing checks, have
 15 you ever seen a statement, a statement from the bank
 16 that would indicate deposits being made into the
 17 checking account that you understood were membership
 18 fees?
 19 A No.
 20 Q Have you spoken with any other lawyers
 21 besides the lawyers in this room today concerning
 22 your prep?
 23 A No.
 24 Q Now, UEP has a checking account, too,
 25 right?

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1 A To the best of my knowledge, yes.

2 Q And are you responsible for depositing any

3 funds in that account?

4 A No, sir.

5 Q Now, to be clear on Exhibit 45, the 69,250

6 reflected in membership fees, that would have been,

7 to the best of your knowledge, the very first year

8 that USEM was -- this Exhibit 45, the very first --

9 A 69,000?

10 Q Yeah, 69,250 of member fees. Am I reading

11 it wrong?

12 A Yes, no. It's correct.

13 Q That would have been the very first year

14 that you're aware of that USEM would have assessed

15 fees on its members, correct?

16 MS. SUMNER: Objection.

17 BY MR. STUEVE:

18 Q Go ahead.

19 A I have to go back and look. I am not

20 sure.

21 Q Now, if you would, look at Exhibit 47 for

22 me.

23 A (Witness complies.)

24 Q This is another document that was placed

25 in front of you by USEM's counsel. This, she was

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1 pointing out, was a recommendation that the

2 management fee be increased from 50,000 to 75,000.

3 Did I read that correctly?

4 A Yes, sir.

5 Q Now, this, of course, came -- remember, we

6 looked at the chronology. It was a hundred thousand

7 was the initial commitment, right?

8 A Yes, sir.

9 Q Then UEP requested that it be reduced to

10 50,000. Do you remember seeing that?

11 A Yes, I do.

12 Q And, in fact, there was a period of time

13 in 2001 in which there was no management fee paid by

14 USEM, correct?

15 A Yes, sir.

16 Q And then, finally, in 2007, USEM

17 instituted a member fee plan that we identified,

18 correct, one-twentieth of a cent; is that right?

19 A To the best of my knowledge, yes.

20 Q And so, as the document says, if you look

21 at it, the sentence right before Staff

22 Recommendation, With an improved USEM financial

23 statement, we now request the following. Gene

24 Gregory recommends that USEM increase the UEP

25 management fee from 50,000 to 75,000 for 2008.

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1 Is that correct?

2 A That's what it says.

3 Q Now, do you know, in 2008, whether or not

4 that management fee of \$75,000 was paid?

5 A Did I actually see it?

6 Q Do you know if it was paid?

7 A I'm sure it was paid.

8 Q I'm not asking you to speculate. I'm

9 asking you, do you know whether or not it was paid?

10 MS. SUMNER: Objection.

11 THE WITNESS: Did I take the check to the

12 bank?

13 BY MR. STUEVE:

14 Q It's real simple. Do you know that it was

15 paid or don't you? If you don't know, just say it.

16 If you do, then let me know, if you know that, in

17 fact, occurred.

18 A It was paid.

19 Q Okay. Now --

20 A Yes.

21 Q Now, in 2009, there was no -- we've

22 already established, you testified under oath, that,

23 in fact, there were no export trades consummated in

24 2009.

25 A Yes, sir.

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1 Q What was the management fee paid by USEM

2 to UEP?

3 A To the best of my knowledge, it was still

4 75,000.

5 Q And how was that paid? What funds did

6 they use?

7 A I don't know. That would be from the

8 dues.

9 Q And the dues, it indicates that in '07 the

10 dues from USEM members was 69,250, right?

11 A That was 2007, yes.

12 Q Right. So if the dues were similar in

13 2009, they wouldn't have been sufficient to pay the

14 management fee, correct?

15 A Yes.

16 Q Do you know what the dues were for 2009?

17 A I have to look back on it.

18 Q Now, in 2010 there were no export trades

19 conducted, correct?

20 A Correct.

21 Q How, first of all, was a management fee

22 paid in 2010 by USEM and in what amount?

23 A That was from the dues, and it was -- it

24 was two-tenths of a cent, to the best of my

25 knowledge.

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1 Q Do you know what the amount of the
2 management fee that was paid in 2010?
3 A 75,000.
4 Q And so, if not all, nearly all of the dues
5 that were paid in by USEM members went to UEP,
6 correct?
7 A Say that again, please.
8 Q Nearly all -- if not all, nearly all of
9 the dues paid in went to UEP, correct, in 2010?
10 A For management fee.
11 Q Is that correct?
12 A To the best of my knowledge.
13 Q And then in 2011, USEM also did not
14 conduct a single export trade, correct?
15 A Yes.
16 Q And so the only income, source of income
17 would have been dues, correct?
18 A Correct.
19 Q And do you know what the management amount
20 was paid -- management fee was in 2011?
21 A I don't recall when it was changed. I
22 would say that was still two-tenths, I think in
23 '12 -- I'm really not sure.
24 Q Is it safe to say, though, if not all,
25 nearly all of the dues collected by USEM were paid

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1 to UEP?
2 MS. SUMNER: Object to form.
3 THE WITNESS: To the best of my knowledge.
4 I do not know.
5 BY MR. STUEVE:
6 Q Has there ever been any income generated
7 by USEM that's been distributed to any person or
8 entity other than UEP?
9 A Not to my knowledge.
10 Q Now, let's look at Exhibit 46.
11 A (Witness complies.)
12 Q Counsel for USEM put this document in
13 front of you and said there was a nominating
14 committee that was in existence in October of 2005,
15 right? Do you remember those questions?
16 A That's what it looks like, yes, sir.
17 Q Now, have you seen any documents from the
18 nominating committee concerning Board of Directors?
19 A You mean on this?
20 Q In any year, other than a reference in the
21 management agreement, in which you testified the
22 Board of Directors were, in fact, elected.
23 Have you seen any other document
24 after the management committee that indicated that
25 the nominating committee, after 2000, nominated a

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1 Board of Directors?
2 A Yes, because the officers are voted, and
3 then the Board -- there's six to eight members after
4 that that are voted on.
5 Q Let me ask you this: You testified
6 earlier, I want to make sure you're not changing
7 your testimony, prior to September of 2010, you're
8 not aware of any Board of Directors meetings
9 conducted by USEM, correct?
10 A Just meetings and not entire membership?
11 Q Talking about Board of Directors meetings
12 prior to September of 2010; you're not aware of any,
13 correct?
14 A Again, I ask to rephrase the question
15 again. Are you saying only Board of Directors
16 meeting?
17 Q Yes.
18 A They'll have conference calls but not
19 individual meetings.
20 Q But those conference calls, you've already
21 sworn -- given sworn testimony those were the export
22 committee conference calls until September of 2010,
23 in which after that they were Board of Directors
24 meetings, correct?
25 A In the beginning they were all called

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1 Board members. And I... I'm sorry, I'm blank.
2 Q You're not changing your prior testimony,
3 are you, Ms. Blizzard?
4 A If you'll tell me what it was. I'm sorry.
5 I'm tired. I'm worn out.
6 Q The reason why I'm asking these questions
7 is that your counsel snuck in a question along the
8 lines that U.S. Egg Marketers Board voted each and
9 every time with respect to the management fee.
10 Do you remember that testimony?
11 MS. SUMNER: Object to the form of the
12 question.
13 THE WITNESS: The Board -- the Board voted
14 on the management fee; is that what you said to
15 me?
16 BY MR. STUEVE:
17 Q I'm asking you, are you aware of any
18 meeting -- I'll walk you through the years. Are you
19 aware of any meeting in 2001 of the Board of
20 Directors of USEM in which they voted on the
21 management fee to be paid to UEP?
22 A I am not aware.
23 Q And that would be true for 2002, correct?
24 A The Board voted -- well, I mean, recant.
25 The Board voted on everything. Everything U.S. Egg

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1 Marketers did, they had to go to the Board.

2 Q Ma'am, do you have any documents of Board

3 meetings that you looked at that reflect Board

4 meetings of USEM in which they voted on the

5 management fee in 2001, 2002, 2003, 2004, 2005,

6 2006, 2007, 2008, 2009?

7 A I'd have to go back and look, but the

8 Board voted on everything.

9 Q Do you have -- what I'm asking you,

10 sitting here today --

11 A With me, no.

12 Q In sitting here today, do you recall any

13 specific document during that time frame, 2001

14 through 2009, in which there's a document that

15 reflects that the Board of Directors of USEM voted

16 on a management fee?

17 A Do I have any documents?

18 Q Right.

19 A I do not have documents, but they voted.

20 Q The document that I showed you reflected

21 that UEP's senior VP had requested that the

22 management fee be dropped from a hundred thousand to

23 50,000. Do you remember that document?

24 A I do.

25 Q And this document, Exhibit 47, indicates

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1 that the staff is recommending that USEM increase

2 the UEP management fee from 50 to 75,000 for 2008,

3 correct?

4 A Gene Gregory recommends.

5 Q Right. And he was the president of UEP,

6 correct?

7 A Yes.

8 Q You also indicated in your testimony that

9 income generated from export trades, if there was a

10 profit made on those export -- an export trade, did

11 you have responsibilities for directing those funds

12 into any account of USEM?

13 A Did I actually place the check in the

14 bank?

15 Q Mm-hmm.

16 A No.

17 Q How would -- how would -- so let's look at

18 the -- in 2007, there's sales-eggs, so these are

19 from export, of 9,205,931. Do you see that?

20 A I do.

21 Q Who handled those, that income? The

22 checks generated to constitute 9,205,931, who

23 handled that at UEP?

24 MS. SUMNER: Objection.

25 THE WITNESS: Do I have to answer?

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1 MS. SUMNER: Yes, go ahead and answer the

2 question.

3 THE WITNESS: Sherry Shedd.

4 BY MR. STUEVE:

5 Q And do you know what account at UEP those

6 funds were deposited in?

7 MS. SUMNER: Object to the form. You're

8 misstating her prior testimony.

9 THE WITNESS: It was a U.S. Egg Marketers'

10 account.

11 BY MR. STUEVE:

12 Q But that testimony's not based on your own

13 personal knowledge, right?

14 MS. LEVINE: She's a 30(b)(6), for God's

15 sake.

16 MR. STUEVE: I want to get a clarification

17 on this.

18 MS. LEVINE: It's abusive at this point.

19 MR. STUEVE: No, it's not. This is a

20 separate question.

21 BY MR. STUEVE:

22 Q Go ahead and answer, please.

23 A I did not personally deposit the check in

24 the bank.

25 Q And the basis of that testimony is a

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1 communication with Ms. Shedd; is that correct?

2 A The basis of what testimony?

3 Q The testimony that that was deposited in a

4 USEM account.

5 A You mean when we just talked to her?

6 Q So let me ask you this: You're testifying

7 as a 30(b)(6) witness for USEM that the funds were

8 deposited in a USEM account -- I am talking about

9 the 9,205,931 -- that's your testimony, right?

10 A Yes.

11 Q And that's -- I had asked you earlier

12 whether or not you knew where -- how these funds

13 were handled, and you said you didn't know. Now

14 you're testifying that you know that they were

15 deposited in a USEM account, and I'm asking you, did

16 you talk to Ms. Shedd and ask her specifically that

17 question and she said that's what happened?

18 MS. SUMNER: I am going to object to the

19 form of the question.

20 You can answer.

21 THE WITNESS: No, I did not talk to her

22 and ask her if she put that check in the U.S.

23 Egg Marketers' account.

24 BY MR. STUEVE:

25 Q So what is the basis of your testimony as

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1 the corporate rep for USEM? You didn't personally
2 handle those funds, Ms. Shedd did not tell you that
3 she, in fact, put them in USEM account, so what is
4 the basis of your testimony? I'm entitled to know
5 that.

6 A To the best of my knowledge from what I
7 have been told, that U.S. Egg Marketers is a
8 separate account, that that check has been put in
9 their account.

10 Q Who told you, if anyone, that the funds
11 generated from sales-eggs reflected under USEM's
12 income statement was deposited in a USEM account
13 versus a UEP account?

14 A That, like I said, Gene Gregory, Sherry
15 Shedd, Linda Reickard, they did not tell me they
16 directly took that check to the bank, but that is
17 the basis of U.S. Egg Marketers, that it's put in
18 their separate account.

19 Q Ma'am, this is why I'm asking these
20 questions, because I'm entitled to know. I don't
21 have to accept on face value that USEM deposited
22 them in a USEM account.

23 I'm entitled to know, as the
24 corporate rep, who told you that, if anyone. And it
25 sounds like your testimony is that no one at USEM

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1 has told you that, in fact, those funds were
2 deposited in a USEM account; is that correct?

3 MS. SUMNER: Object to the form.
4 You can answer the question.

5 THE WITNESS: I don't know what to tell
6 you. U.S. Egg Marketers has a separate
7 account, and the money has been put in the U.S.
8 Egg Marketers' account. Did I see someone put
9 it in there? No. I don't do the banking.

10 MR. STUEVE: I'm going to read back the
11 question.

12 BY MR. STUEVE:

13 Q You didn't answer my question. I'll ask
14 you to answer it for me.

15 - - -

16 (Whereupon, the Reporter read
17 back a preceding portion of the
18 testimony as directed:

19 "Q. Ma'am, this is why I'm
20 asking these questions, because
21 I'm entitled to know. I don't
22 have to accept on face value
23 that USEM deposited them in a
24 USEM account. I'm entitled to
25 know, as the corporate rep, who

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1 told you that, if anyone. And
2 it sounds like your testimony is
3 that no one at USEM has told you
4 that, in fact, those funds were
5 deposited in a USEM account; is
6 that correct?"

7 MS. SUMNER: Objection. She's answered
8 this question.

9 MR. STUEVE: She hasn't, and I'm going to
10 ask her to answer it for me, please.

11 MS. SUMNER: Can you read back what she
12 said about Ms. Shedd.

13 MR. STUEVE: No, I want her to answer my
14 question.

15 BY MR. STUEVE:

16 Q Go ahead and answer my question.

17 MS. SUMNER: She has answered the
18 question. She can't. She's tired, and you're
19 asking her the same question six times.

20 MR. STUEVE: Counsel, I'm very comfortable
21 with presenting this to the judge, and we're
22 going to. I'm going to get her to answer this
23 question. If she doesn't, we're going to
24 present it to the judge.

25 I would ask for you to read back my

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1 question, and I want her to answer it for me.
2 (Whereupon reporter re-read as requested.)

3 THE WITNESS: I don't know what to say.

4 MS. SUMNER: I think we need to let the
5 record reflect we've been going now for almost
6 nine hours.

7 MR. STUEVE: I want the record to reflect
8 that the witness said she doesn't know what to
9 say.

10 BY MR. STUEVE:

11 Q Are you going to answer my question or
12 not? Ma'am?

13 A I'm listening.

14 Q Are you going to answer my question or
15 not?

16 MS. SUMNER: You can answer the question.
17 She's answered the question multiple
18 times.

19 MR. STUEVE: She hasn't.

20 BY MR. STUEVE:

21 Q Are you going to answer my question or
22 not?

23 A I have not actually put a check in the
24 bank.

25 Q Is that --

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1 A Physically.

2 Q Is that the answer you're going to give me

3 to my question?

4 A I thought that's what you wanted me to

5 answer.

6 MR. STUEVE: I'm going to -- the witness

7 is not answering my question. I've asked it as

8 many different ways as I possibly can to get

9 her to answer. So I'll move on.

10 I don't have any further questions.

11 MS. SUMNER: I think if you go back

12 through the record, you will see she said

13 multiple times that she talked to Sherry Shedd.

14 She doesn't understand why you keep asking

15 her the same question, and that's why she's

16 confused.

17 MR. STUEVE: I want the record to reflect

18 that, number one, the attorney is now trying to

19 coach the witness.

20 Number two, I know what questions I asked

21 and I know what she answered. So...

22 Do you have any more questions, Counsel?

23 MS. SUMNER: And I asked the court

24 reporter to read back her answer, and you would

25 not let her.

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1 MR. STUEVE: Go ahead. Do you have any

2 questions?

3 MS. SUMNER: I do have a few additional

4 questions.

5 - - -

6 EXAMINATION

7 - - -

8 BY MS. SUMNER:

9 Q Ms. Blizzard, do you need to take a break?

10 A I need to cancel my flight, I guess.

11 Q Are you okay going for five more minutes?

12 A Yes.

13 Q Did Mr. Gregory have a USEM title?

14 A Yes. He was president of USEM.

15 Q And did Mr. Gregory negotiate export

16 trades in his capacity as USEM's president?

17 A Yes.

18 MS. SUMNER: I'm going to mark this as the

19 next exhibit, 54.

20 (Exhibit Blizzard 54 was marked

21 for identification.)

22 BY MS. SUMNER:

23 Q Do you recognize this document,

24 Ms. Blizzard?

25 A I do.

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1 Q Can you tell me what these are?

2 A Articles of incorporation and

3 organizational minutes.

4 Q Are they also the bylaws?

5 A Yes.

6 Q And for what entity?

7 A U.S. Egg Marketers.

8 Q And what is the last amended date on these

9 bylaws?

10 A October 10, 2000.

11 Q So is it your understanding that these

12 were the bylaws that were put into effect when UEP

13 assumed management of USEM?

14 MR. STUEVE: Objection. Calls for

15 speculation on the part of this witness based

16 on her prior sworn testimony.

17 BY MS. SUMNER:

18 Q You can answer.

19 A To the best of my knowledge, yes.

20 Q I'd like to direct your attention to

21 Article 2 of these bylaws on page 2 of the document.

22 MR. STUEVE: Nan I am going to object to

23 these questions as beyond the scope of my

24 questions. I object completely to this line of

25 questioning. It's way beyond.

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1 MS. SUMNER: They go right to your Board

2 of Directors question, Pat.

3 MR. STUEVE: The bylaws are not a document

4 that the Board of Directors took any action.

5 It's not responsive. I object to this line of

6 questioning. Way beyond the scope.

7 MS. SUMNER: Your objection is noted.

8 BY MS. SUMNER:

9 Q Can I direct your attention --

10 MR. STUEVE: We're going to go back.

11 We're going back.

12 BY MS. SUMNER:

13 Q -- to section number 1.

14 MR. STUEVE: What's the exhibit number?

15 MS. SUMNER: 54. You've asked her lots of

16 questions about the Board of Directors.

17 MR. STUEVE: I asked her about any votes

18 taken by the Board of Directors.

19 MS. LEVINE: Can you please let my partner

20 finish before you rudely interrupt her.

21 BY MS. SUMNER:

22 Q Ms. Blizzard, can you read article two,

23 section one of the document?

24 A Number and qualifications of directors.

25 The business of the company shall be controlled by a

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1 Board of Directors comprised of all members of the
2 company.

3 Q And was, in fact, the Board of Directors
4 of U.S. Egg Marketers, in October of 2000 and going
5 forward, comprised of all members of U.S. Egg
6 Marketers?

7 A Yes.

8 Q And did that change at some point in time?

9 A It did.

10 Q And do you recall when it changed, just
11 approximately?

12 A 2006, 2007. I'm not sure.

13 Q Did it change when the export executive
14 committee that -- you've testified to Mr. Stueve
15 that at some point, the export executive committee
16 became known as the Board of Directors. Do you
17 recall that testimony?

18 A Yeah.

19 Q Is that the point in time when this
20 changed, when all members were no longer directors?

21 MR. STUEVE: Objection. Calls for
22 speculation on the part of this witness.

23 THE WITNESS: To the best of my knowledge.

24 BY MS. SUMNER:

25 Q I'd like you to pull out what has been

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1 marked as Exhibit 49.

2 A (Witness complies.)

3 Q Are these the minutes from the October 10,
4 2002, U.S. Egg Marketers meeting?

5 A Yes.

6 Q And who are the attendees at the meeting?

7 MR. STUEVE: Objection. Calls for
8 speculation on the part of the witness.

9 BY MS. SUMNER:

10 Q You can answer the question.

11 A Who are they?

12 Q Do you see the list of attendees on these
13 minutes?

14 A Yes.

15 Q Are those the individuals who are listed
16 in the second paragraph in bold?

17 A Yes.

18 Q And are they U.S. Egg Marketers members or
19 representatives of members, companies?

20 A Yes.

21 Q Drop down to the bottom part of this
22 document where it says UEP Management Fee.

23 Do you see where it says, Gregory
24 reported that USEM had voted to pay UEP a management
25 fee in the amount of \$50,000 during 2002?

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1 A Yes.

2 Q Did that, in fact, occur?

3 A To the best of my knowledge.

4 Q And then do you see here that on these
5 minutes, it says, Motion: It was moved by Elste and
6 seconded by Dean to pay a UEP management fee in the
7 amount of \$50,000 during 2003. Carried.

8 Do you see that?

9 A Yes, I do.

10 Q Did that, in fact, occur at this meeting?

11 A To the best of my knowledge, yes.

12 Q Were similar proposals and votes made at
13 the U.S. Egg Marketers annual membership meetings
14 that followed in years after 2002?

15 MR. STUEVE: Objection. Calls for
16 speculation on the part of this witness.

17 THE WITNESS: To the best of my knowledge,
18 yes.

19 MS. SUMNER: I have no further questions.

20 - - -

21 EXAMINATION

22 - - -

23 BY MR. STUEVE:

24 Q Let's start with Exhibit 49. Can you
25 confirm for me that not all of the members of USEM

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1 attended the October 10, 2002 meeting, correct?

2 A No, I cannot without going through every
3 one of them.

4 Q Right. I mean, there were a lot of
5 members of USEM in 2002, correct?

6 A Yes, sir.

7 Q And so do you know whether or not there
8 was a quorum of USEM members sufficient to vote on
9 any matter on behalf of USEM, based on this
10 document?

11 A Do I know for certain?

12 Q Yeah.

13 A I would say yes with that many there.

14 Q Do you know -- can you -- do you know what
15 numbers were not there?

16 A No, sir, I do not.

17 Q Do you know how many members showed up in
18 2003 for the USEM meeting?

19 A No, sir, not without going back and
20 counting them.

21 Q And that would be true for 2004 and 2005
22 and 2006 and 2007?

23 A Yes, sir.

24 Q Now, your testimony is now, in response to
25 the questions concerning the bylaws, that all of the

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1 members of USEM were Board of Directors of USEM up
 2 until there was a change in 2006; is that right?
 3 MS. SUMNER: Object to the form.
 4 THE WITNESS: They were Board members.
 5 BY MR. STUEVE:
 6 Q Is that right? So that would have made
 7 Nelson Poultry a Board member of USEM as well,
 8 correct, because they were a member in 2000 and in
 9 2001 and into 2002, correct?
 10 A Sounds like it, yes, sir.
 11 Q And that would have made all of the UEP
 12 members, which is virtually all of the USEM
 13 membership, members of the Board of Directors of
 14 USEM, correct?
 15 MS. SUMNER: Object to the form.
 16 You can answer the question.
 17 THE WITNESS: I'm not sure.
 18 BY MR. STUEVE:
 19 Q Well, if, in fact, your understanding of
 20 the bylaws in effect from -- starting in December of
 21 1981 that were in effect up through 2006, all of the
 22 members of USEM are Board members, and since, to the
 23 best of your knowledge, all of the USEM members are
 24 UEP members, that makes all of the Board of
 25 Directors of USEM from 2001 through 2006 UEP

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1 members, correct?
 2 A I'm not sure.
 3 Q Now, you also testified -- I want to make
 4 sure I understand -- that Mr. Gregory executed
 5 export trades on behalf of USEM; did I understand
 6 that testimony correctly?
 7 MS. SUMNER: Object to the form.
 8 Misstates the testimony.
 9 BY MR. STUEVE:
 10 Q You testified that Mr. Gregory was the --
 11 had the title of USEM's president; is that right?
 12 A I think that was his title of U.S. Egg
 13 Marketers.
 14 Q And when did he get that title?
 15 A When he took over the management, when UEP
 16 took over the management of U.S. Egg Marketers.
 17 Q And do you know if that -- whether or not
 18 that was identified on the website, UEP's website,
 19 that Mr. Gregory was the president of USEM?
 20 A No, I do not.
 21 Q Who is the president of USEM now?
 22 A I'm the CEO.
 23 Q That's not my question. Who is the
 24 president?
 25 A I just always -- I've just always been

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1 called the CEO. He is no longer involved with U.S.
 2 Egg Marketers.
 3 Q Well, you haven't always been called the
 4 CEO?
 5 A That's correct.
 6 Q You didn't ask for, but you were given
 7 that title in 2010, correct?
 8 A Yes.
 9 Q According to your testimony?
 10 A Yes, sir.
 11 Q Even though that's not reflected on UEP's
 12 website in numerous places, correct?
 13 A Yes.
 14 Q Two we looked at, and neither one list you
 15 as the CEO?
 16 A Yes, sir.
 17 Q What I'm asking you is, because I want to
 18 make sure I understand your testimony, you said that
 19 Mr. Gregory was the president of USEM, and is it
 20 fair to say, then, that since he's stepped down, he
 21 no longer has any responsibility for UEP, correct?
 22 A U.S. Egg Marketers.
 23 Q Or UEP, correct?
 24 A Oh, true.
 25 Q That there is no president of USEM right

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1 now; is that right?
 2 A I guess not.
 3 MR. STUEVE: I have no further questions.
 4 MS. SUMNER: I don't either.
 5 (Witness excused.)
 6 (Deposition concluded at 7:00 p.m.)
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C E R T I F I C A T E

COMMONWEALTH OF PENNSYLVANIA :

:

COUNTY OF PHILADELPHIA :

I, MAUREEN BRODERICK, Registered

Professional Reporter - Notary Public, within and
for the Commonwealth of Pennsylvania, do hereby
certify that the proceedings, evidence, and
objections noted are contained fully and accurately
in the notes taken by me of the preceding
deposition, and that this copy is a correct
transcript of the same.

MAUREEN BRODERICK

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Registered Professional

Reporter - Notary Public

ERRATA SHEET

Attach to Deposition of: Phyllis M. Blizzard
Taken on: February 15, 2013
In the matter of: AWG vs. UEP, et al.

PAGE	LINE NO.	CHANGE	REASON
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SIGNATURE PAGE

- - -

I hereby acknowledge that I have
read the foregoing transcript, dated February 15,
2013, and the same is a true and correct
transcription of the answers given by me to the
questions propounded, except for the changes, if
any, noted on the Errata Sheet.

- - -

SIGNATURE: _____

PHYLLIS M. BLIZZARD

DATE: _____

WITNESSED BY: _____

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Midwest Litigation Services
1301 Oak Street, Suite B
Kansas City, Missouri 64106
Phone (816)221-1160 * Fax (816)221-1151

February 18th, 2013
Ms. Robin P. Sumner
Pepper Hamilton LLP
300 Two Logan Square
Philadelphia, PA 19103-2799

In Re: ASSOCIATED WHOLESALE GROCERS, INC., et al. vs.
UNITED EGG PRODUCES, et al.

Dear Ms. Sumner

Please find enclosed your copy of the deposition of
PHYLLIS BLIZZARD taken on FEBRUARY 15TH, 2013, in the
above-referenced case. Also enclosed is the original
signature page and errata sheets.

Please have the witness read your copy of the
transcript, indicate any changes and/or corrections
desired on the errata sheets, and sign the signature
page before a notary public.

Please return the errata sheets and notarized
signature page to James Ward, Attorney General's
Office, 207 West High, Jefferson City, Missouri,
65101, for filing prior to trial date.

Thank you for your attention to this matter.

Sincerely,

Maureen Broderick, RPR

Enclosures

cc: Patrick Stueve

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